

Legislative Assembly of Alberta

Title: **Tuesday, March 17, 1998** 8:00 p.m.
Date: 98/03/17

[The Deputy Speaker in the chair]

THE DEPUTY SPEAKER: Please be seated.

head: **Committee of Supply**

[Mr. Tannas in the chair]

THE CHAIRMAN: I'd call the committee to order.

head: **Lottery Fund Estimates 1998-99**

THE CHAIRMAN: I'd call on the hon. member responsible for lotteries and gaming.

MRS. BLACK: Thank you very much, Mr. Chairman. I am very pleased to be addressing the Assembly this evening on the estimates for the lottery fund.

We have in the members' gallery joining us this evening members of the Alberta Gaming and Liquor Commission: Norm Peterson, who is the acting chairman; Mr. Roy Bricker, who is the acting CEO; and Mr. Carl Royan, who is the manager of lotteries for Alberta Gaming and Liquor.

[Mr. Clegg in the chair]

Mr. Chairman, revenues from lotteries are placed in the Alberta lottery fund. These revenues are generated from VLTs, ticket lotteries, and casino gaming terminals. Alberta Gaming and Liquor Commission oversees the lottery fund at the direction of the government of Alberta. Our estimated revenues for 1998-99 are \$659 million, an increase of \$7 million from last year's forecasted revenues.

Lottery fund payments are estimated at \$173.3 million, an increase from the \$123.3 million in fiscal '97-98. The \$50 million increase in lottery fund payments is for the new community lottery boards. Lottery fund payments are divided into eight categories. These payments are made to various foundations, agencies, and programs. Each has a particular mandate. The foundations are responsible to channel lottery assistance back to Albertans. Beneficiaries include culture and art groups, libraries, museums, sports and athletic events, wildlife and conservation projects, health care and wellness, seniors groups, recreation, tourism, historical resources, and agricultural fairs and exhibitions. In the past, funding to beneficiaries has been based on a three-year lottery licence commitment. Currently commitments are generally based on annual allocations.

Agricultural initiatives. The objective is to further develop provision of services by Alberta's exhibitions and agricultural societies. These are directed toward improved agricultural awareness, agricultural lifestyle, and enhancing agriculture activities and related leisure activities. Grants are provided to the agricultural societies in good standing under the Agricultural Societies Act, including major exhibitions. Total funding in this category is \$22,530,000. This is the same as was in the previous fiscal year. The funding for agricultural societies and agricultural initiative grants are recommended by the Minister of Agriculture, Food and Rural Development.

Cultural initiatives. The objective is to develop and promote the arts, historical resources, and multiculturalism heritage of

Alberta through arts and cultural organizations. Financial support is primarily through Crown agencies in the way of grants. The Minister of Community Development assists in the administering of these programs. Total funding is \$29,679,000. This is the same funding amount as in the previous fiscal year. Each group or organization has specific guidelines based on their own mandate. For example, the mandate of the Alberta Foundation for the Arts is to encourage and assist artists in their creative and professional development, to provide public access to the arts, to develop strong arts organizations, and to enhance the life skills of Alberta's children and youth. Funding guidelines cover Alberta artists and organizations in the disciplines of visual, performing, literary, and media arts, including libraries in Alberta for certain projects. Funding is also provided to the Alberta Historical Resources Foundation of \$5,913,000; the human rights, citizenship and multiculturalism education fund of \$1,062,000; the Wild Rose Foundation of \$6.6 million.

Recreation initiatives. The objective is to further develop Alberta's sports and recreation programs, services, and events for the benefit of Albertans. Financial support is provided primarily through the Alberta Sport, Recreation, Parks and Wildlife Foundation, again through grants. Funding for this next fiscal year is \$14,885,000. The foundation also provides financial assistance to some 114 provincial associations and agencies in support of their programs in the areas of organization, leadership, and participant development. Again the Minister of Community Development assists in the administration of these funds.

[Mr. Tannas in the chair]

Special events and projects. This refers to funding to recreational events and projects. These are assessed on a project by project basis. Examples of some of these special fundings for fiscal '97-98 include Alpine Canada, \$200,000; Canadian Hockey Association, \$200,000.

The community facility enhancement program 3. The objective is to assist in the planning, upgrading, and development of a wide range of community-use facilities in places to enhance community life and citizens' well-being. For 1998-99, \$30 million has been allocated to this program. The Alberta Gaming and Liquor Commission administers this fund. This is the third year of the three-year \$75 million program. Financial support is provided to municipalities, Indian bands, Métis settlements, and registered community not-for-profit groups. CFEP 3 responds to local and regional needs, encourages overall facility cost savings and improved facility use through innovative capital development and upgrading projects. This is also a matching program, where the community matches through funds and volunteerism the program in CFEP 3.

Health and wellness initiatives. The object is to respond to expressed health and wellness needs that are considered to be in the public interests. First, advanced medical equipment purchases: funding for this year will be \$7,266,000. In 1996-97 funding was provided, for example, to the Alberta Cancer Board to replace a simulator and selectron at the Cross Cancer Institute, to the Calgary regional health authority for a new ENG system for example, and to Northern Lights regional health for an intensive-care unit patient monitoring system.

It is also there to service problem gamblers: funding of \$3,048,000, an increase of \$754,000 over fiscal '97-98. This is due to the increase in demands for prevention services. AADAC has been designated as the province's lead agency in problem gambling prevention and treatment. AADAC will take lead responsibility for funding, monitoring, and evaluation to support

a range of community-based initiatives for problem gamblers. AADAC realizes most Albertans gamble without harmful consequences; however, a small minority gamble in excess. The commission is committed to working with key partners in government and the community to help prevent or minimize harm associated with problem gambling.

Special projects. Funding of \$990,000 to health-related events and projects. This must be applied for. The funding payments are approved by the minister responsible for Alberta gaming and liquor. A special example is the special funding of \$200,000 for 1997-98 that we allocated to the Calgary Handi-Bus Association to help them require replacement handi-bus vehicles.

Science and environmental initiatives. Objectives: to support community-based science and environmental initiatives for the awareness and benefit of all Albertans, and \$750,000 has been earmarked for the Science Alberta Foundation. Their mandate is to increase the understanding and awareness of Albertans in science and technology through planning to create, develop, and expand science and technology programs, exhibits, and support of exhibition facilities. It's to promote science education in the province and to encourage Albertans to pursue careers in science through developing community science workshops on educational activities and establishing a grants awards program to support science competitions and summer science camps.

8:10

New initiatives. The objective is to fund new initiatives. These are evaluated again on a program-by-program basis. Funding commitments for 1998-99 to date are the Calgary trade and convention centre for \$6 million.

Number 7, the community lottery boards. On April 1, 1998, the community lottery boards will assume the responsibility for the allocation of \$50 million in community grants. The funding amount to each board is based on a per capita allocation, approximately \$18 per capita for this fiscal year. The mandate of the program is to enhance and enrich project-based community initiatives, to provide for a local decision-making process, to reinvest into Alberta communities revenues generated from lottery activities, and to empower local citizens, community organizations, and municipalities to work together in addressing their needs and priorities. The community lottery board grant program will again be administered by Community Development.

Mr. Chairman, those are my opening comments for this evening. I would like to say that there's been an awful lot of talk about lottery revenues, and surely all members can realize from the list of the eight areas of lottery funding that these revenues do in fact go back to the community and support Albertans as a whole.

Thank you very much.

THE CHAIRMAN: Okay. The hon. Member for . . . I'm not sure I understand. The hon. Minister of Health is rising. [interjections] Okay. The hon. Member for Edmonton-Glenora.

MR. SAPERS: No. Actually, I'd prefer what he has to say first, Mr. Chairman. That would be great.

THE CHAIRMAN: Okay. No one wishes to speak.

MR. JONSON: Mr. Chairman, I would always subscribe to your advice, despite the good advice from the person across the way, so please proceed.

THE CHAIRMAN: The hon. Member for Edmonton-Glenora.

MR. SAPERS: All right. I'm trying to co-operate, Mr. Chairman. Thanks for the overview, Madam Minister. I've got a feeling, though, that this is going to be a pretty long night, and I was hoping maybe that some of the things the Minister of Health might have said might have forestalled some of my comments. Maybe we'll get back to it anyway, since we're in committee, so that will be just fine.

I want to start off with some general comments about the lottery funds. Now, in the scheme of things this is a relatively new innovation, that we have a day or two to debate the lottery estimates in this House. I appreciate that, and I appreciate the fact that we've now taken it as part of the standard procedure in estimates that we will have ministers account for how they plan on spending the lottery estimates.

That's become increasingly important because there has been a shift over the last few years. At first it was a subtle shift, and now it's not such a subtle shift, that core programs are being paid for with lottery moneys, with gaming moneys. It's not just that the foundations are being supported. I want to come back to the foundations in a minute, because I'm a tremendous fan of the lottery-based foundations in this province. It's not just that the foundations are doing good work with lottery funds, but we're seeing departments increasingly dependent.

When I hear that millions of dollars are being spent on equipment for health care facilities – and not necessarily exotic equipment, not necessarily equipment that was only on the wildest dream wish lists of health care administrators, but relatively run-of-the-mill equipment is being funded out of lotteries – it makes me wonder whether or not this is the kind of health care system that we want and whether it's also the kind of gaming that we want to see promoted. It seems to me to be a pretty shallow government policy to make the health care system dependent on the losses of taxpayers. What gaming is all about is taking a risk, and people might think it's entertainment or might think it's fun, but basically what it's all about is the government has sanctioned a whole series of things that are designed to take money away from the people that play in those games. I mean, that's where these profits come from. That's where these revenues come from. The Minister of Public Works, Supply and Services is shaking his head and saying no, but how I understand gambling is that the house hardly ever loses, and in this case the house is the government of Alberta.

So that's what we've got. We've got health care and sports and recreation initiatives and community-based programming initiatives that are now becoming increasingly dependent on people taking risks, often risks that they can't afford to take, and then losing.

I used to work in the not-for-profit sector. Being an MLA sometimes, I think, is like being in the not-for-profit sector. [interjection] Yes. You know, West Yellowhead is quipping: was that work? The voluntary and nonprofit sector in this province contributes immeasurably to the quality of life in this province, and I know that the Member for West Yellowhead is aware of that because when he was a mayor, he used to call on organizations like the John Howard Society for assistance in community forums, to come out and help deal with his voters, with his taxpayers. And I know that the Member for West Yellowhead used to support charitable initiatives. So I know that that was a tongue-in-cheek quip, and if he could stand in his place and apologize to all of the tens of thousands of Albertans in a community that prides

itself on being the volunteer capital of North America, I know that he would apologize for even insinuating a slight against the voluntary and not-for-profit sector.

Now, back to my main thesis, West Yellowhead. What we have is a shift from where gaming revenue and lottery revenue was a bonus, and I think that it was perceived to be an additional and in years past an innovative way of raising money and bringing funds into community projects and also in a way, I'll add, Mr. Chairman, that community organizations felt that they weren't going to the government. They felt that they weren't looking for a handout from government if they could be involved in a casino or a bingo or a pull-ticket raffle or some other gaming scheme that was sanctioned and licensed. They felt that this was their own initiative and that if it was built on volunteer effort, it would be a good thing. But what's happened instead is that the government has taken away almost all of the other opportunities for organizations to apply for grants in aid.

It is a very rare occurrence now for any department of government to actually fund directly a charitable or not-for-profit group because they believe that that is their responsibility, to meet the community head on and embrace the community initiative and say: yes, this is something that we'd like to support. The government moved away from grants in aid to fee for service, and then they began to eliminate fee for service and began to say: "You know, we've just set up the ABC foundation. It has lottery revenue. Why don't you apply there?" What the government has failed to acknowledge is that these organizations live hand to mouth, and every year, regardless of the degree to which the government relies on these organizations to provide services, to employ people, to add to the quality of life in this province, regardless of the extent to which they're relied upon to do all of that, the government sees no obligation to fund them in a stable, predictable, and ongoing way and instead has said: you go with your hand out year after year after year to some gaming-funded foundation or board and you can apply for your funding.

Some of these organizations have been partners – and I use the word advisedly – with government for decades. They have been providing services, they have been providing employment, and they have been working to help the government meet its own objectives for years and years and years. Yet the government sees no responsibility or obligation to provide ongoing, stable support and instead goes and looks at those organizations and says: well, what you can do now is you can apply for lottery funds.

8:20

Now, the problem with gaming funds is that they're not – I guess there's a couple of problems. Number one, the government can determine in one fashion or another what the limitations, parameters, constraints are on the funding arrangements, whether they be dollar-for-dollar matching, whether they be adjudicated, peer reviewed, whether they be done on a geographic basis, whether they fit other priorities of government. So it's not necessarily an open and level playing field.

The second problem with it is that it's not stable. We don't know how much money Albertans are going to lose at the gaming tables or through VLTs year after year. So these organizations really can't predict with any certainty that the money they were able to apply for last year will be available to them to apply for next year. This creates, I can tell you, a significant administrative and management problem.

The Wild Rose Foundation, the Alberta Sport, Recreation, Parks and Wildlife Foundation: these foundations support very worthwhile activities. They distribute millions of dollars in a

responsible way. I don't want these words to be seen as a criticism about the foundations or a criticism about the organizations that benefit from foundation decisions, because the problem is at a much higher level than that. It happens at a level of what the government perceives as its obligation or its role when it comes to supporting community, voluntary, and not-for-profit organizations.

An example is the irony of AADAC depending on lottery funds to pay for treatment and intervention programs for gaming-addicted Albertans. If nobody else sees that irony but me, then I guess it's my problem, but I don't think that would be the case. I think that most people would look askance at a system that was designed to get people to gamble as much as possible and then shave off a couple of cents on every dollar or, not even that, fractions of a cent on every dollar generated and use that to pay for the very addiction that was created quite on purpose or at least as a direct result of policy to create so much gaming opportunity.

Likewise, the Alberta science initiatives, the three-quarters of a million dollars of lottery funds that are being used to pay for science education and to help attract people to scientific pursuit. Again, I just see an irony. I just wonder how much science is involved when it comes to – what was the motion that was just before the House? If we slow down the clock speed of VLTs a little bit, maybe we'll have people be slightly less addicted. I didn't know you could be slightly less addicted. In my mind, it's like being slightly less pregnant. I mean, if you're addicted, you're addicted. When you talk about funding science initiatives, I wonder if we're going to fund some science and research initiatives into just how little that kind of initiative will actually accomplish.

The government has spent some time telling Albertans, with all of the controversy around VLTs, that if we didn't have VLTs, we wouldn't be able to fund these community initiatives. I know that if the minister doesn't say so tonight in estimates, she will certainly offer this out in the hallways to members of the press gallery, that if the opposition only understood that without VLTs, we wouldn't have the half billion dollars we need to fund things like the Wild Rose Foundation or we wouldn't be able to fund things like the Alberta sport and recreation foundation or the community facility enhancement program, but that's just simply not the case. If any member of the government's front bench were to make that argument, they would be making a false argument.

The fact is that if we got rid of VLTs in this province today, there would still be enough other gaming revenue, enough other lottery fund money left over from lottery ticket sales, from the government's cut on the other activities to fund every community, every church, every charity, every nonprofit group at their current levels. That money would already be there. The fund would already be there. It's really just a matter of a bit of a shell game. It's the jiggery-pokery of consolidated accounting.

The government takes all of the lottery money and puts it in a consolidated way into the general revenue fund. The gaming revenue that's not spent makes up part of the government surplus. The government lowballs revenues so they have large surpluses. Those large surpluses really are generated because the government has consistently underfunded core programs, and then all of sudden we're told: gee, if we didn't have this lottery money, this VLT money, we wouldn't be able to afford these charitable activities. Well, you know, if you think about it in a logical way and you start to strip away all of that argument, what you find is that the government is trying to have it both ways. If we took

every penny of VLT money and we eliminated that from the revenue picture in Alberta, the fact is that we would still have enough gaming revenue to support everything that's supported by gaming in this province today, and we would still have a surplus budget. There is no argument about that.

So then you have to ask yourself: well, why is it that this government is so bound and determined to have these video slot machines ringing and dingling and flashing lights until 3 a.m. everywhere in this province that they possibly can? The answer is not obvious to me. It's certainly not a good social policy. The government has acknowledged that, because they know these things are addictive. It's not a good economic policy, because the social costs are predicted to far outstrip the revenue stream. So what is it? Is it ideology? Is it a commitment that cabinet has made to the people that build and service and supply VLTs? I mean, I really can't for the life of me figure it out. I would hope that one member of Executive Council, while we're debating lottery estimates, would be able to tell us in a very succinct chapter-and-verse way just what it is about VLTs that has become so seductive to government that they have hung their political hats on them. What is it about VLTs and their revenue stream that government feels is best for the province of Alberta?

You know, we had lottery gaming funding for many years before we had VLTs. VLTs came onstream in '93-94, and in '93-94 I believe it was just over \$17 million of revenue that went towards the lottery funds that went out to community projects. But in '89 and '90 we funded community facility enhancement. We funded foundations that supported charitable activities. In '90-91 we had the Wild Rose Foundation. I know because I applied to them and received a grant. In '91-92 we had charitable activities supported in this province from gaming, but we didn't have any VLT revenue. In '92-93 we did not have a penny of VLT revenue, but we had charitable activity and we had community groups support it.

So what is it about the government? Unless it's just the flashing of dollar signs in their eyes. What we see is between '93 and '94, when it was barely over \$17 million in revenue, to '97-98, where it's almost \$460 million – in fact today we learned that it's about \$45 million more than that from VLTs. So it's over \$500 million in revenue. If that's . . .

MRS. BLACK: Four hundred and eighty million.

MR. SAPERS: Four hundred and eighty million. Okay. It's somewhere between \$450 million and \$500 million this year.

So unless it's just simply those dollar signs, I can't account for it, and if it's only the dollar signs, I would ask the government to consider this: where will they draw the line? Surely there are some things that a government wouldn't allow to happen just to raise money. I mean, there must be some things, and in that list of some things, where the government would draw the line and say, "This should not be allowed to happen at government sanction just to raise money," would have to be the destruction of lives. It would have to be the breakup of families. It would have to be the cost to communities that gambling addiction creates. If the government had it in its power, you would think that a government would put an end to those things that are destructive and hurtful and costly. I would submit that VLTs are that destructive and that costly and that hurtful and should be in that repertoire of things, that list of things the government would not allow and would draw that line and say, "Nothing below this line will we sanction because it's in our power to do that."

8:30

I would say that the government has not lived up to that challenge and not lived up to that obligation. I would argue further that the government does a huge disservice to all of those charitable groups that have been forced to rely on gaming and lottery funds by telling them that if they want gaming and lottery funds, they can't make a distinction between those volunteer activities that they had been doing for years and years and years, like bingos, and having to take money off the backs of those people who can least afford it, the VLT addicts. That is a shameful way to fund community programs, it is a deceitful way to treat community organizations, and it is an appalling thing for the government to be doing in Alberta.

THE CHAIRMAN: The Leader of Her Majesty's Loyal Opposition.

MR. MITCHELL: Mr. Chairman, I too would like to indicate my concern with the video slot machine policy of the government. I'm interested to hear the Minister of Economic Development speak about it tonight. I'd like to see her elaborate on her position on VLTs. Most of the issue has been carried by the Premier. I wish I could say it's been carried ably, but I think that isn't the case. Certainly when he began to taunt the Catholic church over this issue, he revealed the frustration that he must feel and I think some of the sense of internal tension that he must feel about this policy that he and his government perpetrates.

An important actor in this policy, of course, is the minister, and I'd like to see her answer some of the questions that I'm going to raise and try to explain some of the things that this government is creating with its video slot machine policy and explain some of the ways in which they are arguing their case. First of all, I would like the minister to tell us why it is that her government persists in its statements that VLT revenues are required to fund certain social groups, charitable groups, community groups, and churches, because clearly and empirically they are not. I would like her to answer this observation, that the only reason they continue to link the social evil of video slot machines with the perceived social good of funding community groups is because that is the only way they can even tenuously try to justify the existence of video slot machines in our society, and that leads to their tenacious hold on the argument that they don't have the money otherwise, because as soon as they admit that – and it's clear; it's empirical – they have absolutely no justification whatsoever for video slot machines in our society, even though that isn't really a justification.

They will say, "Well, if we don't have them, then we'll have illegal machines." This is, of course, one of the most absurd arguments I have heard in a long time, almost as absurd as the one we heard last Tuesday when they tried to justify the notwithstanding clause. First of all, Mr. Chairman, it couldn't possibly be that easy to hide illegal video slot machines, I would think. As my colleague said the other day, I guess they could hide them in the corner of the bar with a plant on top of them so that they'd be less evident, despite their flashing lights. But ironically it would seem to me that the best way to identify illegal machines would be to take the legal machines out of these premises, and then it would be pretty clear what kinds of machines would be left. They would be the illegal machines. So contrary to their belief that illegal machines will proliferate because of this, in fact they would be easier to identify, I would argue, in public establishments, bars and restaurants.

Now if her argument is that the illegal ones will appear in some warehouses or in some local community garages, then I conjure up the picture, again drawn by my colleague from Calgary, of Albertans lined up out in front of some garage at 20, 25 below with the fingertips cut off their gloves so they can get into that garage and hold the coins as they put them into that machine.

MR. DICKSON: The gloves, that was your idea.

MR. MITCHELL: The gloves, that was my idea.

And the scarves wrapped around their heads, pulling down the scarves so they can drink that drink that they're going to have in that illegal establishment. It is absurd. It is absolutely absurd, Mr. Chairman. So would the minister please confirm that she won't persist in this myth, one, that they have to fund community groups, that we need that revenue and, two, that there's going to be this uncontrollable proliferation of illegal machines if we take away the legal ones? Not true.

My second point, Mr. Chairman, concerns the video slot machine summit. Interesting choice, Medicine Hat. It's a great place. I wonder how much media attention this particular summit is going to get. Secondly, I'd like to ask her: how is it that this summit – is it a summit or is it a task force or is it a working group? I don't know. Whatever. It's designed to do what most of these things are to do, and that's to distract attention and set up a process where the government can utilize it, dismiss it, do whatever they want with it.

How is that summit going to make decisions? It's going to have a mix of people, and clearly it's going to have representatives from the hotel industry. If the idea is that they will build their decisions on a consensus, then I will guarantee the minister, as anybody who observes and thinks about this reasonably, that summit will never decide, could never decide – logically impossible – to do away with video slot machines in this province, because there will be a group who will under no circumstances accept that particular outcome. So could the minister please explain, then, how exactly this video slot machine summit is actually going to be able to have an open, unbiased potential to make a decision to do away with video slot machines altogether? I think it's logically impossible the way this has been structured. So could she please outline that?

Could she also tell us how it is that the groups that are there are going to be picked? How possibly can that be done in an objective manner that doesn't weigh one group against another group or weigh the pros against the antis? In fact, how can a balance ever be found in that regard?

I am very concerned that the video slot machine summit will really just drive to a conclusion. It will either be hamstrung – it won't be able to conclude particularly definitively, and even if it does, the government will just take whatever it wants from this, as it did with the roundtables on health care and education, and it won't have been particularly productive.

The second concern I have about the summit is whether or not there is going to be full discussion and information provided to the participants about how the government's budget is structured so that they are not operating under the misinformation, the bias that the government promotes, that this revenue is required if community groups are to get any money at all. Because as we've said many times – and I'll say it again – they should be informed directly that there is sufficient money from less addictive forms of gambling to cover all the money that goes to community groups and churches now, that prior to 1993 there were no video slot

machines, there were no revenues from them and these groups still received money; that we had a \$2.5 billion surplus, and if we are at a \$2.4 billion surplus and if we took out the entire \$500 million video slot machine revenues, there would still be a significant surplus. So could the minister please address that?

I would also like to ask her – because I don't recall her participating in the debate about the slow-down-the-machines motion – what empirical information could she table in the House showing research results which would indicate that slowing down video slot machines would somehow reduce their addictive potential? Could she please provide us with concrete evidence, empirical proof or at least empirical support, that would have driven that decision in her mind, if she supports it, but certainly would have driven that decision in her caucus, because her caucus in fact did support it. We just want to have some information that outlines that carefully.

8:40

MRS. BLACK: What's the question? Empirical?

MR. MITCHELL: Do you have studies that show that when video slot machines are slowed down, they are less addictive? Can you show us those studies in writing, with results tabled in the Legislature?

I'd also like to address the issue of the community lottery boards. It's very interesting that in the lottery issue the government is saying that local communities should be able to make the decisions themselves through a democratic process: plebiscites. While that isn't entirely acceptable to us and to many Albertans, it certainly establishes the government's clear commitment to a local electoral democratic process to determine video slot machines. But, ironically, when it comes to a democratically driven or based process to determine how slot machine revenues will be spent in the communities, the minister refuses to give that decision-making power to a municipal council which is elected democratically and instead sets up yet another patronage board to make a decision.

So on the one hand you want video slot machines' existence to be determined on the basis of local standards by local plebiscites; on the other hand, when it comes to handing out the money and you have the choice to base that on a democratic process, you choose not to. Instead, you choose to set up patronage driven, by and large, community lottery boards: more bureaucracy in a government that says it wants to have less government; more expense, expenditure of money that in fact could go to community groups; and a failure to support the municipalities with the money that's needed to administer those lottery boards, despite the fact that the municipalities see that as a duplication and a redundancy. So how can you argue that you're efficient? How can you argue your belief in democracy and set up community lottery boards, which are redundant inherently and by definition inefficient and are not based on the democratic process that the election of a municipal council is? It makes no sense.

I'd also, Mr. Chairman, like to simply say in closing that there is a broader issue with respect to video slot machines. It can be expressed, of course, in many different ways, but it comes down to a sense of value and a set of values. I think that it's very clear that this government believes that money somehow is an end in itself and has some reasons for wanting that money. I believe that probably it is two or three years out – just before they call an election, they will use this money to lower income taxes so that they think they can buy that election.

In doing that, in promoting video slot machines the way they

have, I think they have forgotten one fundamental thing, and that is that we do make decisions in our society about what we value. Video slot machines are not a positive social influence in our province, in our society. In fact, they are quite negative. No matter what scales, no matter what criteria you use to judge that, it is very clear that they are not a particularly positive influence. If this government believes, as it says it does, in families, in a better, richer – I use that in the nonmonetary way – more value-based society, then it seems to me incumbent upon this government and this minister with her colleagues to begin to argue strenuously that video slot machines have no socially redeeming value and that they should be simply removed from this province. In the absence of her ability and the Premier's ability to make this decision themselves, then we would fall back to requesting, rather than having expensive municipal plebiscites ad hoc, which pits one community against another, that she should simply call this fall for a provincewide, provincially administered plebiscite so that Albertans can really make this decision in an objective and concerted way, make a decision that this government simply seems incapable of or resistant in the extreme to making themselves.

Thanks, Mr. Chairman.

MRS. BLACK: Mr. Chairman, I thought I'd answer some of the questions, because it may give answers to other members with similar questions before we go too far into the evening.

The hon. Member for Edmonton-Glenora talked about the government setting parameters around program spending. That, quite frankly, is correct. That's what the government is elected to do: set the fundamentals and the parameters and the programming for the government, representative of course of the people.

He also made mention of the irony of the lottery fund being supportive of AADAC. I want to make it abundantly clear that AADAC receives funds. Its main source of funding is under the Department of Community Development. If the members opposite would refer to their estimates book, they would see that the funding for AADAC comes mainly under Community Development. Their total revenue for this next fiscal year is estimated to be \$32 million, and \$3 million comes from the lotteries to be supportive of the gaming initiative. So their main source of funding really does come from Community Development and supports all forms of addiction. I don't know whether the Member for Edmonton-Glenora is clear on that.

I'd like to switch to Edmonton-McClung and talk about some of the concepts, and I know he knows the answers to a lot of these questions. He talked at length about revenue base for the government. He knows perfectly clearly that governments only have one source of revenue, and that's revenue that comes from the taxpayer. It comes in all forms. It comes in taxes, it comes in corporate taxes, and it comes in the form of oil and gas revenues, but it all comes from the taxpayer in one form or another. So you can have choices of how you collect those dollars, but the bottom line is that governments have no money except for money that comes from the people.

When you have a program such as gaming in the province of Alberta, the critical thing I believe in the whole program is to make sure that the dollars that come into gaming go back to the community. The other thing is to make sure that it's clean, that it's regulated, and that it's policed. Gaming will occur. Gaming will occur in this country. Whether you like or I like it, it will occur, so it needs to be policed.

He put a lot of emphasis on addiction and blamed addiction on

VLTs. Well, I guess what I fail to understand in his argument is if you really want to deal with addiction, then let's deal with addiction. Let's deal with addiction. Let's not cut out gaming and think that addiction is going to go away, because you're sadly mistaken. You can be addicted to a lot of things: alcohol, drugs, cigarettes, gambling. You've had a thing about cigarettes for years. Addictions are in all forms.

Quite frankly, I think that if you want to deal with addiction and you're dealing with someone with a gambling addiction – and you know this; I know you know this – then by pulling one product line off the market, they will switch that addiction to another one. They will not stop gambling. The addicted gambler will go to another product line. For alcoholism, the biggest seller is beer. It's like pulling beer off the counter. Well, guess what? They'll go to Scotch. So face reality on it. If you're going to deal with addiction, then make sure you have programs in place to deal with addiction. You've got \$32 million under AADAC to deal with addiction.

Let me give you just a little bit of information on the caseloads for addictions this last year. For 1996-97 – we haven't got the final ones in until March 31 – this is numbers of clients, actual clients that go through the door. This isn't speculation. There were 35,613 clients, the caseload, that walked through AADAC's doors. Twenty-three hundred and forty of those clients identified gambling as part of their addiction. Of that, 749 identified gambling as their sole addiction. Many of these clients of the 2,340 had dual addictions, addictions with alcohol and with gambling, with drugs . . . [interjections] Would you just like to listen? Of the 35,600 people that had addiction problems, 749 had strictly gambling problems.

8:50

Now, what that tells you is that you have to focus your programs to bring on addiction prevention for gambling, for alcoholism, for narcotics. The best way you can deal with an addict is to make them aware that the programs are there for them so that they'll pick up the phone and ask for the help. Anybody that's addicted to something has got to be wanting to get off the product. They have to be able to come forward and ask for help. If they don't, you're wasting your time.

The other thing that I think is fundamentally important that AADAC offers is support for families. Again, the family has to come forward. If they are aware of the programs that are there to help them, they can get the help they need. But that's a very small proportion of the people that actually gamble in this province, a very small proportion. In fact, less than 5 percent of the gamblers in this province have some form of a problem with gambling.

If we profile our help programs to the families and to the addicts, I believe that they will come in. In fact, when I used to work on crisis for drugs and alcohol, years before I became an MLA, one of the measures of success for the program was that they made the call, that they made the call for help, they reached out and asked for help. As soon as they did that, you were able to respond by providing the help. That's why we don't do funding on addiction for gaming on a per capita basis. We do it on the need. As the need comes forward, we will fund it. That's the commitment we've made to AADAC, that we will fund that to deal with addiction. We don't want to put a per capita number on it. We want to deal with the reality of what is there on that addiction. If that support is needed, the funding is made avail-

able. I think that's important, and I never lose sight of that. The success of a program to deal with addiction is when the addict makes the call.

Likely they're going to fall off once or twice, and the second measure of success is when they make the call back, when they make the second call: I need help. That gives you the strength to know your program is working, because they have confidence to come back to their sponsor to get additional help. The other thing that's important is the support base for the families to deal with the addictions, because you can't only treat the addict. You've got to treat the family if you're going to treat the whole problem.

The hon. member asked me about community lottery boards. The recommendation for community lottery boards came out of the lotteries review report. It was one of the recommendations from the report, that was done a few years back – and it came from the people of Alberta, from the 18,500 submissions – that community lottery boards be established at the community level. It was also recommended that it not just be turned over to the local council. That's not this minister's recommendation. That came from the people of Alberta so that they would have their own volunteer groups, to let them make up their own base of their lottery board.

On some of them it will be a blend of people from municipal council, volunteer organizations, and community leaders that will come on to those boards. Every community will have a little bit different makeup, depending upon what their desire is. They felt that was important, because a lot of them felt they were having difficulty raising money within their own community, and that's why the commitment was made to put \$50 million back into the communities directly for them to determine how it was going to be spent. It can be spent on whatever they wish. They are responsible and accountable for those dollars. We will not be making that determination.

The hon. member also asked me if I could provide empirical proof that shows that slowing down VLTs will make people less addicted. Well, no, I can't. I don't have that proof. I never did say that I had it. I did not say I had that. What I committed to do, after Motion 505 was passed by the Assembly, was to ask the commission to find out, number one, if the chip could be made to slow down the machines, because that's an investigation we're doing right now, and to come back with some statistical numbers as to what slowing down the machines means to us insofar as any kind of evidence or even dollars and cents and maybe look at it. Does it have an impact? I haven't got that information back as yet.

The hon. member also criticized the gaming summit. Again, back in the Lotteries Review Committee report there was a commitment to review gaming in three years' time, all of gaming, not just VLTs but all of it: bingos, raffles, horse racing, lottery tickets, pull tickets, VLTs, casinos, slot machines. Gaming is everything; it's not just VLTs. That three-year commitment has to be completed by this fall. The summit is a scheduled review of the gaming recommendations from the Lotteries Review Committee. Read the report.

We've asked Harley Johnson to chair the gaming summit. He will bring in people from all of the stakeholder groups. There will be people from the ecumenical council, from university research, from the community groups. Then there will be citizens at large, and he will pick those people. In fact, we have backed off this, so this will be, again, the people coming forward. I don't know what they'll come forward with; I can't tell you that. But they will break off into focus groups, and they'll come forward with recommendations.

Information that will be supplied to that summit. We have

committed from the Alberta Gaming and Liquor Commission to provide financial data, the backgrounders, whatever Mr. Johnson asks us to provide. If we have it, we will give it to them for full disclosure. That information will go forward to all the participants at the summit.

You asked us how the summit is going to make decisions. Well, there will be facilitators that will have breakout groups, from what I understand, and I would imagine they'll pick topic areas or something and then come back to a plenary session, the normal format for a summit, and report back. Yes, groups will be there who are on both sides. I mean, it makes reasonable sense to have that. I was surprised that you said: I suppose the Hotel Association will be there. Well, of course they'll be there. Why wouldn't they be there? Of course they'll be there, but so will be people from the ecumenical council. They will be there. People are allowed in this province to disagree. It's called democracy. I hate to break it to you.

The other thing – just a minute. I can't read my own writing here. Just give me a second.

MR. MITCHELL: We know what you're going to say.

MRS. BLACK: No, you don't.

Lottery funds. One of the things that's unique about Alberta is the decision to have the revenues from lotteries go back into the communities. There are, as I said, eight categories, and then the balance goes into general revenue. I think it's unfortunate that the hon. Leader of the Opposition stresses that there's no impact if VLT revenues are gone. That is bunk, absolute bunk. I mean, let's be candid about this. If in fact you pull \$450 million out of the system, there is a realignment. So let's not play games with people. You have to reset priorities within how you spend dollars. There's X number of dollars available. So if you pull that kind of money out of the scenario, naturally priorities have to be set again.

9:00

As you run around and talk about surpluses, you also know that there's a commitment to pay off the unsecured debt of this province. You also know that if in fact you don't do that, then there's less of a debt retirement. I hope that you're not promoting less of a debt retirement, because you have young children, too, and I would think that as a parent you would want to leave your children with a clean bill of health, like I do mine. If that's not the case and you want to leave your children burdened with the debt of the past, then I think you have some soul-searching to do, sir, as a father. I certainly am not going to do that as the mother of my son. I'm going to clean up the mess that has been created here within this province by not taking full responsibility for finances in this province. That's the quest we've been on for the last five years, and we're sticking to it.

We have that commitment to clear off that debt, particularly the unsecured debt. Once that is gone, then an orderly pay-down of the debt can take place. For anyone like yourself to stand up and say that pulling \$450 million out of the system has no impact is nonsense and will not mean anything to these groups – you bet it will. Priorities have to be set. The thing that is important is to remember that these dollars go into the lottery fund, which we're debating tonight, and the balance goes into the general revenue fund, which is supportive of all departments of government – all departments, not any one in particular. They go just into the pot like other revenue bases from taxation and royalties, et cetera.

So I think it's a fallacy. I think it's a twisting of words, and

you know better than that, because you know that if you pull that kind of dollars out, there's a reprioritization that takes place. But if that's the wish, quite frankly, of Albertans – and each community, again, through the Lotteries Review Committee said: "Let us make that decision at our own community level. Let us do that." We said: "Okay, we will. Whatever decision you make, we will honour that decision. If you decide to have VLTs in your community, that's fair game. If you decide that you want through plebiscite to remove them, then they will be removed." But the local communities requested through the public forum process that they wanted to make the decision at the local level.

We have honoured that commitment. We can't go back on that commitment, not now, because communities have made decisions within their own communities already. To go back I think would be really demonstrating distrust of communities. To back out of acceptance of a recommendation from the communities I think would be wrong, morally wrong to do, even more so than jumping in, even more . . . [interjections] The hon. member obviously isn't interested in the topic, because he's kibitzing over there. So, Mr. Chairman, I'll sit down and see if there's anyone serious on that side that would like to talk about the lottery fund. Obviously the Leader of the Opposition is not serious.

THE CHAIRMAN: The hon. Leader of the Official Opposition.

MR. MITCHELL: I'm serious, Mr. Chairman, and I don't appreciate the minister suggesting that I'm not. In fact, I'm more serious now that I have heard the minister try to explain what she's doing. In fact, what I understand and what I have seen makes me even more frightened, because I don't see a minister – and I think she reflects her government – who truly understands the issues here or has the evidence at hand to support her issues. I see somebody who's quite naive in the way she's trying to defend video slot machines in this province.

Let me begin with a number of issues. For example, she has indicated to the House that somehow, if somebody is addicted to video slot machines and they go, they'll just move somewhere else. It may be that they will, once they have been addicted to video slot machines, but every bit of evidence shows that video slot machines are far more addictive than other forms of gambling. Why can't the minister understand that and accept that? The evidence is very, very clear. In fact, Dr. Hunter, who's a renowned expert in this area, who was at this summit, made this point very clearly. He said that other forms of gambling that resulted in addiction, horse racing or bingos or casinos or cards – generally, in those cases people hit what is called rock bottom after 22 years, but when it comes to video slot machines, they hit what is called rock bottom after two years.

So let's get it clear. If you're going to make the decision that video slot machines can stay, stop trying to argue them on the basis that they're no worse than other forms of gambling, because they are, and prove to me that you have made your decision knowing that. Don't try and muddle that issue. That's a very clear and important issue. [interjection] No, I'm not sitting down; I've got the floor.

Secondly, the minister says we only put money into gambling addiction counseling when people come forward. I agree; that's a good idea. Don't put money out there if there's nobody coming forward. Then she says that only 749 people in this province are addicted to gambling.

AN HON. MEMBER: Gambling alone.

MR. MITCHELL: Like gambling alone. Out of 35,000 . . . [interjection] What's that?

MRS. BLACK: That was the caseload.

MR. MITCHELL: Okay, caseload.

The fact is that there are many people out there who don't come forward, as you said, because it takes a great deal of commitment or understanding or courage to pick up that phone and ask for help. It's much more likely that people don't ask for help than they do ask for help. So don't tell me that \$3 million into 749 cases is really some indication that there isn't much in the way of addiction. Go out there and find out who's doing the gambling and find out whether or not they're addicted and they're not seeking help. Those who seek help as an indicator of those who are addicted is not a very good indicator. Again, profound naiveté. Show us that you understand the figures upon which you are making your decision, because the more I hear you talk about those figures the more concerned I am that you don't really understand why you were supporting and making the decision that you're making.

The minister gave us an elaborate explanation of how there is only one taxpayer in this province: the people of Alberta. What she therefore proved in that context, because she was talking about video slot machines being a source of money, is that video slot machine revenues are a tax. That's what she implied, because it's true. I agree. Thanks for being so forthcoming.

Now let's talk about the kind of tax it is, because that's the issue. It is a regressive Tory, Conservative tax that hurts people with less money more than it hurts people with more money. Why don't we have a tax system that reflects the importance of progressivity? So when the Treasurer brings in tax reductions, if he must, why does he leave the surtax? Because that's regressive, and it hurts poorer people more. Why do you depend upon a video slot machine tax? Because it's regressive, and you don't mind taking more money from people who can less afford it than taking it from people who can more afford it. Yes, you're right. It's a tax, and it's the wrong kind of tax. It's a highly regressive, socially destructive, it-hurts-people tax, period.

Further, Mr. Chairman, I just want to make a point. The minister now is spinning that the summit was a scheduled review of gambling. I thought the Premier was taking credit for standing up and saying: we are going to confront this huge problem that arose about six weeks ago head on by calling a special gambling summit. Don't stand here and try and tell us that this is part of a normal scheduled review. Nonsense. It's a special gambling summit. He said it. He meant it. That's what it is, and what it's really designed to do isn't some sort of ordinary scheduled review. It's really designed to distract, to create a variety of recommendations so that the government can defend whatever it is that it wants to do.

Finally, the minister said that we've got to retire the debt. Absolutely we have to retire the debt, and absolutely she was here when her government ran huge deficits. So let's retire the debt, but in doing so, let's not create more problems than we're solving. The government didn't manage when it was spending money, and it's not managing now that it's cutting money. Management remains the problem. Management would understand that video slot machines are creating a different kind of debt, which is a human debt, a human deficit, which will cost us all kinds of money in the future. There is no net benefit to society because of video slot machines. In the short term you

may think there is. In the medium to longer term it costs us more and more: family breakdown, crime, poverty, suicide, and I can go on. And it isn't 749 people's worth of those things. It is thousands upon thousands upon thousands of people's worth of those things.

9:10

So when you stand up and tell me to watch out for my kids in the future – yes, I want a strong place for my children in this province in the future, but I don't define strength strictly as economic strength. I want a place in this province where my kids can live in a crime-free, crime-reduced kind of society where there is compassion and dignity and grace accorded to other people, to our neighbours. I don't see that in a government that promotes a set of values that are captured by video slot machines and does that through a minister who clearly, after speaking to us for 20 minutes, does not understand the facts, the empirical evidence that is the consequence, that really defines what video slot machines do. When you do, then maybe you'll have some credibility in trying to defend what it is that you're trying to defend in video slot machines. The last 20 minutes proved once and for all that you do not understand, and it's even more frightening than it was before you started.

Thank you.

THE CHAIRMAN: The hon. Member for Edmonton-Mill Woods.

DR. MASSEY: Thank you, Mr. Chairman. I wanted to start my questioning on the lottery estimates by looking at the history of the lottery fund and asking the minister about the changes in that history. As I understand it, when Alberta first got into the lottery business, it was under the strict understanding that that money would be used for arts and multicultural programs and sports and recreation, those sorts of programs. I guess my question is: why the change? When was there a new direction set out and lottery funds started to be used for other than those original purposes? So my first question is, I guess, a historical question.

The second question. There have been a lot of comments from charitable groups, and we heard the debate between the Premier and some of the church groups about where their funding comes from and their understanding that their funds came from general revenue funds and that they weren't consulted in fact when funding started to come from lottery funds. I'm not sure; I'm asking the question because I don't understand. Were the groups consulted? Was there a change? What's the background in terms of that shift?

I guess the other question I have is regarding the shift in the actual use of lottery grant money for the administration of programs being run by the department. That money has shrunk, and I guess my question is: why? I'm really cloudy about the background history, and I would appreciate knowing exactly, from the minister's perspective, how things have changed.

I would like to focus just for a few minutes, if I might, on the business plan and, in particular, the goals and the strategies that are outlined in the business plan. These are so different from the kinds of business plans that I've associated with her in the past or the departments she's run, and they're so different from most of the other business plans in Budget '98: Agenda for Opportunity. I look at the goals and strategies. The first one:

Ensure compliance with the Gaming and Liquor Act, Tobacco Tax Act, Criminal Code and Commission policies with respect to gaming and liquor activities.

The second one: "Ensure full accountability for all revenues and

expenses." Are not those the kinds of things we would expect from government? It just seems odd to see them down there. What is the performance measure? How at the end of the day is she going to assure Albertans that these things have actually occurred? What will be the measures? As I say, if you go back and look through the business plans, you'll most often see a goal and a strategy accompanied by some definitive measures. As I said previously, your department has been very precise in identifying some of those measures, so why are they not required here? Again, how are you going to know whether those goals have been met?

Goal 3: "Meet operating expense targets." I haven't got the other budget book with me, but I think last year you calculated the operating expenditures as a percentage of the gross revenue, and that seemed to make some sense. However, this year it seems to simply mean to achieve the operating expenditures already outlined in the estimates. So why has this been changed? Again, what will the measures be?

Goal 4: "Improve the return to the charities for charitable gaming activities." Correct me if I'm wrong, but many charities, at least the ones I'm associated with in our constituency, say that their revenues are decreasing because of the presence of VLTs. How is this going to be measured? How do you determine that charities are actually having improved returns? Again, at the end of the year how will we know that is the case? It was the same goal last year, and how were those targets met? Has the minister some information on that?

Goal 5: "Manage and administer the Lottery Fund." I guess my comment would be that that's really not a goal. It's a function of government. I mean, what would happen if you didn't meet this target? Would the fund be mismanaged? I don't understand how this becomes a goal and, again, why there aren't some indicators that we could look at at the end of year, at the end of the time, to indicate whether or not the goal has been met.

Goal 6: "Facilitate development of native gaming in keeping with the Government's Native Gaming policy." I wonder if the minister could share with us some of the activities, some of the things she's done in terms of making that goal a reality.

I have just one more question before I conclude, Mr. Chairman, and that's under Return to Charities. It says:

Return is defined as the total revenue earned by charities before expenses from casinos, bingos, raffles and pull tickets as a percentage of gross revenue generated by the charitable gaming venues.

Then they're indicated. Each year the targets have remained the same. Is there any information on what that has actually meant in terms of dollars returned to individual charities? How do you come up with 50 and 50, 25 and 25, 65, 82? Is there some basis for those numbers being as they are?

I appreciate the opportunity to ask the minister some questions, and I will look forward to her answers. Thanks, Mr. Chairman.

THE CHAIRMAN: The hon. Member for Edmonton-Centre.

9:20

MS BLAKEMAN: Thank you, Mr. Chairman. I'm glad to be able to join in the debate tonight on the lottery fund. I'm going to go over some of the points that my colleagues have gone over already, and I hope I can bring new points or new aspects to that debate.

As you know, in the community that I come from and where I've worked most of my career were these groups that were recipients of the lottery funds. It puts those groups in a really

interesting position. I think sometimes they feel that they can't criticize what's going on with lottery funds because it's biting the hand that feeds them. Yet historically they never asked to have their funding. Essentially, the lottery fund now pays for all of the quality of life organizations in the province: all the amateur sports, all the recreation groups, all the arts and cultural groups, all the historical, museum, library, art gallery kinds of activities that people use to identify themselves.

Way back in the late '70s and early '80s the lottery money was used to augment. They were special-project, one-time-only grants. The money was being put into five arts foundations plus two sports and recreation foundations, later followed by Wild Rose, at a certain amount. I think it was a million dollars a year, if I'm remembering correctly. They were supposed to be developing a fund from which they could sustain something. All of that changed sort of early mid-'80s, and all of a sudden these groups were being funded 100 percent out of lottery funds. Now, when they found that out, they were not happy about that. It took away what they saw as any firm commitment on behalf of the government to fund them and to support their activities that contributed to the quality of life in Alberta.

So I felt I had to make that point, because there's something the minister said. I wrote it down: the dollars that come in go back into the community. I have to say that really when you look at the dollars that are coming in through the lottery ticket profits and the amount of money that's going out in the total lottery grants – and that's including CFEP and a number of other grants that aren't specific to arts and culture, sports and recreation, and to health and wellness – if we didn't have any of the VLT proceeds, those lottery ticket profits, at the rate they're going, would very well cover the amount that's going out in the grants. As a matter of fact, I'm actually sort of wondering: where's the money that's in the difference? Is there any reason why we couldn't be increasing these grants to exactly match what's coming in through the lottery ticket profits?

I understand the minister making the point that to remove that amount of money, which is getting up towards \$500 million now from VLT proceeds, to take that out of the government system would have a ripple effect in a number of other departments. But I think that's part of what the whole debate around people's uneasiness with VLTs is: they are uneasy with that amount of money going to supporting general programs.

I had a couple of specific points that I wanted to make. Can you give us a calculation on whether you've achieved the '96-97 targets that were set under goal 4: "Improve the return to the charities for charitable gaming activities"? I'd be interested in that. I've had correspondence with the minister in the past about how the casinos, particularly the casinos, are affecting the nonprofit sector, the quality-of-life sector. So I'd be really interested in the answer to that and what the targets were.

I have one question that I've been pursuing through a number of different areas, and I'm sure the minister probably has a very fast answer for me on it. Way back when they were first talking about the \$50 million for the community lottery boards, there was a percentage that was talked about for administering the program. Now, I notice that it's in here – I think I saw it in here – that exactly \$50 million got transferred. Did the 1 percent just not happen? Was it never withdrawn from the lottery fund? Was it withdrawn and went along with the \$50 million to pay for administration? What happened to it? I know it was something that was mentioned quite a bit, and then it was never mentioned again. So I'm just wondering if that money ever went, and if so, where did it go?

The CFEP grant is a really important one for the community

because it's allowed groups to do some capital projects that they would not have been able to do otherwise. I'm noticing that there's a \$1 million reduction in CFEP, and I'm wondering why that is. I listened to the minister and didn't hear it specifically addressed, so I hope I didn't miss it. That is a really critical program for the community groups, and I'm wondering why it's being cut. Is it part of a tapering off for this grant? I know the grant was one time only, and I think we're now in CFEP 3. Is there any intention of carrying it on, or why the million-dollar drop? It is an important one, and certainly the groups need every penny of it and more.

The health and wellness initiatives have always struck me as really interesting. In fact, I think maybe to augment my colleague's question, I can answer part of it. My memory was that some of those lottery funds that were in Wild Rose were allowed to be used for medical purposes, particularly to assist regional hospitals to purchase really expensive equipment. I still go back to the fact that when we got into lotteries, it seemed the deal at the time was that we would participate in lottery schemes if the proceeds went to the charitable groups, and as we can see, the actual percentage of the lottery proceeds now going to the charitable groups is getting smaller and well on its way to being minuscule in comparison with the total. So I would encourage the minister that if at any time in the future it's possible to increase the amount that's going into the community groups, please do so. Those groups are all doing very fine work, particularly given the number of programs that have been passed on to the community, doing work or programs that used to be administered by the government. You're getting very good value for your money there.

I'm having the same problem reading. I can't get enough time off to go and buy new glasses, so I can't see anything. All right.

Once again, a concern raised around the casinos. I realize that the minister I think has made some commitment now to be consulting with community groups if there are any future changes on the casinos. Just to reiterate the real concern and hardship, or on its way to being hardship, that the community felt with the casinos being open much later hours. That's very hard on volunteers, to get people to commit on a weeknight to stay there until 3 o'clock in the morning if they're in the count room. Very difficult. There was a suspicion, that some people still have actually, that this was on its way to getting rid of the volunteers in the casinos altogether, and then there would be a reason not to be giving the proceeds to the charitable groups. I sincerely hope that is not what is planned in the future, and maybe the minister could reassure me on that. There were a number of elements that were contributing to that: the longer hours, some of the jobs being taken away, although maybe they should have been; they were rolled together.

The serving of liquor in the same place has really caused some concern amongst those groups. The volunteers are in positions where they are dealing directly with some of the customers who have been imbibing alcoholic beverages, and it can be a very uncomfortable position for them. They volunteer to do chip running and cashiering and counting and things like that. They're not trained to and they're not terribly comfortable mixing with people who have been drinking alcoholic beverages while they're gambling.

9:30

I'll reserve my judgment on whether the move to the 50 percent of total proceeds has actually worked out for the benefit of the community groups. I notice in the performance measurement

target that was in here that there was an aim for 50 percent, which you seem to have achieved, but I'm wondering if there's an expectation that the pot would just get bigger; therefore, the 50 percent is worth more. What happens if it doesn't? These groups are really depending on this money now. That's the concern from the community, that outside of depending on games of chance essentially, on pull tickets and casinos and video lottery terminals – our whole sector of quality of life organizations are depending on chance. It's very difficult for them to plan ahead and do three-year plans, which they would like to do, when everything is so up in the air and nothing is concrete about it. I really think that we need to look to this and to plan to this in the future, because I am seeing fairly significant changes in those communities, losing some experts, losing some very good people from the community, and that will really cost us five or 10 years down the road.

Those were the points I wanted to raise with the minister regarding the lottery funds, and I look forward to her response. If she would like to do it in written form, given the time, I'm more than happy to receive a written response.

Thank you very much for that opportunity. I can see someone leaping to their feet.

THE CHAIRMAN: The hon. Member for Calgary-Buffalo.

MR. DICKSON: Thank you, Mr. Chairman. I come to the estimates debate on these lottery estimates with a couple of different perspectives. The first one is, as the current Minister of Energy always used to take quite delight in reminding me, that I think Calgary-Buffalo had at one point the highest concentration or the highest number of VLT machines in the province, of the 83 constituencies, and I don't know if that's still the case. It's got plenty of them.

The other interesting perspective I have is that AADAC has their office in the same building where I have my constituency office. One of the things that's been a tremendous education for this MLA has been when people with a gambling addiction, in particular, stop by my constituency office and offer some perspective and some advice in terms of not so much the kind of program they're receiving but more about the whole role that gambling income plays in this province, VLT income in particular. Those factors, I guess, help to inform me on some of the issues that I wanted to raise this evening, and I'll come back to that.

Some specific things that I haven't heard clarified by the minister in the course of her presentation this evening. In terms of looking at the summary of payments on page 106 of the estimates book, reference to \$6 million in terms of "other." There's \$6 million for the Calgary trade and convention centre, and I think I know what that's about. I assume the minister has a list in terms of breaking out the \$6 million. Maybe she's already undertaken to provide that to one of my colleagues. If so, Madam Minister, would you provide me with a copy of that? That's the \$6 million under the "other" item. This is item 8 in the summary of payments on page 106 of the estimates book. I don't know how many disparate items are included in that.

I wanted to ask specifically in terms of item 5, health and wellness initiatives, advanced medical equipment purchases. One sees that track across from 1997-98 to '98-99, and it's virtually the same item. On the face of it, it strikes me, Madam Minister, that this is fairly arbitrary. How is it that we've determined now for two years that the budget for advanced medical equipment purchases is this sum and not \$10 million or \$8.2 million? Is

there a particular formula that the minister and her department use in terms of determining what's appropriate? As I say, it seems arbitrary and pretty much a question of trying to maintain the same item year after year, but we all know that in a province where there were never enough resources to do everything we'd like, what that translates into is making decisions and assigning higher or lower priorities to different items. I'm interested in what the process is by which the government determines the amount that's going to go into advanced medical equipment purchases.

In terms of services for problem gamblers I just want to make the observation – and I know it's Community Development and not Economic Development that's responsible for running these programs. But the government talks a lot about population health. The government talks a lot about trying to deal with the health of Albertans, looking at a whole range of factors that influence that. Certainly my experience from talking to people with gambling addiction problems is that it has an enormous impact on their health, and in many respects it seems to me that most appropriately that ought to be addressed as an item for the Minister of Health, for the department, for Alberta Health. As I say, that's more a question in terms of how those funds are managed and spent, which strictly speaking isn't appropriate to deal with now, but I simply wanted to raise that concern again because it is one of some significance to me.

The dollars that went in the increase for services for problem gamblers. Once again any increase is encouraging and is positive, but in many respects it seems to be reasonably arbitrary, and I'd like the minister to explain, if not now at least in some reasonable time, the basis for that specific increase from \$2.294 million to \$3.048 million. I'm sure there are compelling, good reasons.

Similarly, when I look at the human rights citizenship and multiculturalism education fund, which is being maintained exactly at \$1.062 million, what are the criteria that the minister uses in simply fixing that amount? There must be some evaluative process. There has to be some weighting in terms of these factors. I'd like to think and I'm sure Albertans would like to think that there's some reason other than simply adherence to an historical pattern that determines the amounts that go into these different items. The reality is that there's not, in my respectful view, enough money in the human rights education fund, particularly when we see cutbacks in some areas. Schools don't have the same resources that they've had sometimes in the past because of increasing population, particularly in Calgary. So there's some concern around that in terms of why that fund isn't increased, and it's something I'd encourage the minister to consider.

The other question I have. We've got \$50 million going into the community lottery board grant program. A really basic question is: why haven't we rolled CFEP into that program completely? What's the rationale for maintaining the community facility enhancement program at \$30 million and at precisely the same time creating the new community lottery board grant program? On the basis of conjecture I can imagine some reasons, but they're not reasons that have to do with how we ensure we get dollars into the hands of community groups. They would be reasons that would have maybe everything to do with politics and who controls the distribution of those funds. So I have that particular concern.

9:40

The only other observation I'd simply make, Mr. Chairman, is that I remember talking lottery funds with this minister a year

ago, and she was going on about how exhausting it was going around handing out lottery cheques.

MRS. BLACK: I haven't done any of that this year, Gary.

MR. DICKSON: She hasn't done any of that? Well, I was just going to say that we had an interesting exchange. The minister may not remember, but we had a fascinating exchange. She said that she was tired of handing out cheques, and I volunteered. I promised even to say some nice things about the minister in terms of presenting the cheques. I've not heard from the minister since, so I simply wanted to renew that offer out of concern for overworking the Minister of Economic Development. I want to make sure that's on the record and that she knows that I continue to be ready to assist her any way I can in terms of distributing those cheques to those many agencies in downtown Calgary that are leveraging that very modest amount of lottery money into enormous good works in our communities.

I guess the last thing I'd say is that there's been considerable talk tonight about the summit. It just seems to me that one would have thought that the government would have learned after the many unsuccessful attempts to have public consultation. We've seen it so many times, particularly in terms around changes in the health care system, where people came forward. We saw it more recently in the Growth Summit, where people from all parts of the province came in good faith to offer what they thought were thoughtful opinions, often heartfelt ideas and initiatives, and what they see is virtually none of that reflected in the final report.

If I can suggest, if there is one major flaw in the summit process as I understand it, it's that Harley Johnson reports to a committee of Tory MLAs, including I think at least – is it two or three cabinet ministers? There's not even the slightest pretence that this is anything more than simply a Conservative caucus instrument. I think that's unfortunate. Mr. Johnson is a very credible individual who served this Legislature and served this province well. I'm sorry that, in fact, it's not at minimum an all-party committee that's providing instruction and direction to that summit, because it had a potential, a potential that's not, unfortunately, going to be realized under the existing structure.

So those are the points I wanted to make at this point, Mr. Chairman. Thanks very much.

THE CHAIRMAN: The hon. Member for Edmonton-Norwood. [some applause]

MS OLSEN: Thank you, Mr. Chairman and my hon. colleagues. Thank you. Thank you. The questions that I have that concern me are around the actual gambling summit and the costs of that summit. What is the projected cost of the summit, and now that we know it's been announced, where do we see it in the budget?

Now, my colleague from Calgary-Buffalo has alluded to the fact that the steering committee is made up of all government MLAs. Why would the minister, who's trying to promote the summit to be a well-balanced activity of the government, not have an all-party steering committee? Open and accountable. Why not an all-party steering committee for this summit?

I'm also curious to know how many government employees are staffing the office of Mr. Johnson, the chair of the summit, and how many employees are coming out of the minister's department or the Minister of Community Development's department. Who is the policy analyst? Where is the policy analyst coming from that's going to write the report? What organization? What type

of background is this individual supposed to have? Given the fact that we have three ministers involved and the fact that it's not an all-party committee, I mean, I'm not sure that we can count on the government's initiative here to come out with some very clear results. Therefore, I would recommend a deliberative democracy process in trying to achieve that. I think it's a process that's very democratic and gives people a great understanding of issues on all sides, and then they can make up their minds when they have all of the information.

The other concern I have is that the government continues to bury its head in the sand around addictions. The hon. Member for Calgary-McCall often alludes to the ostrich burying its head in the sand. Well, this is very, very evident with this minister. Through her own survey in the department – well, actually its AADACs survey. Interestingly enough the minister has spoken tonight about addictions and those people who are addicted to VLTs: if they weren't indeed addicted to VLTs, they would be addicted to some other form of gambling. But very clearly in her own survey – it's the AADAC report called Unplugged from the Machine: VLT Problem Gambling Treatment Clients. It's representative of 84 clients who sought treatment for VLT gambling problems. I want to quote here for the minister:

Although almost all the clients had engaged in other forms of gambling at some point in their lives, more than two-thirds (71%) said they had experienced no prior gambling problems until they played VLTs.

So I'm wondering how that, in fact, is reconciled with her comments that if they weren't addicted to VLTs, they'd be addicted to something else. There doesn't seem to be a correlation there. Another 85 percent of those respondents said that they played only VLTs and VLTs alone. So, again, it puts a little bit of a question mark over her comments.

Staying on the survey, there were some recommendations, four recommendations, that came out of the survey. I'm wondering how many of those recommendations have been adopted by the minister responsible for lotteries. For these recommendations that were adopted, is the minister going to set up any measurements, any tools so we can see whether or not the strategies for prevention and intervention have been met? What are the outcomes? What do they expect?

You know, government reports seem to reflect that there are over a hundred thousand people in this province who are in trouble with gambling, and a large percentage of those people are in trouble with VLTs. So very clearly there is a problem. I'd like to know how the minister came up with 749 people with addictions problems or addicted solely to VLTs. I'd like to know where she indeed got that particular number. I'm wondering: does the minister consider the growing number of problem gamblers in Alberta simply a cost of being in the gambling promotion business? Is this the cost of doing business? Are we prepared to write off these addicted gamblers? What is the percentage that you're prepared to write off in this respect?

9:50

You know, if you take the fight against the problem seriously, then maybe we would see a little more than the initiatives undertaken by the government now. Maybe we'd see some different strategies applied. Three million dollars for addictions is a far cry when you have over a hundred thousand gamblers.

In my policing time, which was not too long ago, just prior to my leaving, I indeed attended a domestic dispute. I had been attending more and more of these in relation to gambling, not just alcohol. Families were fighting over the last \$5 that was in the

house. In this particular instance, I spent a lot of time with the husband and wife trying to convince them that they should go to counseling, should go to AADAC, but this didn't work for one of them. They said that, you know, although gambling was a problem for them and here they were embroiled in a domestic dispute, they still felt that because they didn't drink, because they didn't go to bingo, because they didn't go to movies and do other things, it was okay to gamble. They clearly had a problem, and the problem that I attended to was not in a casino. The problem was at a corner bar in the neighbourhood, and that accessibility made it very, very easy for this problem to continue with these folks.

So I think we need to take this seriously. I think we need to look at how other problems have gotten out of hand in this particular country with relation to drugs and alcohol. This government can't rely on the income from VLTs to support the revenue in the budget. It's wrong. It's the wrong thing to do, and I'm concerned that the direction the government is going is not going to be able to be stopped, because the addiction the government has will just feed itself.

There's a goal in the business plan that says: "Facilitate development of native gaming in keeping with the Government's . . . policy." Well, certainly on the reserves it's federal land. However, when you speak to the different constituent groups within the aboriginal community, many of those groups will say: "We do not want casinos on our reserves. We do not want our community dependent on the revenue generated from casinos on the reserves. We do not want people thinking that that's their only employment and they don't work towards bigger and better things, other than working as a waiter or a waitress or a chip runner or something in a casino."

The aboriginal community is the fastest growing population in this country. It is the youngest population in this country. There are leaders in that community that will be sitting in this Legislature down the road. There'll be more than just the hon. Member for Athabasca-Wabasca. There'll be more than that member. There'll be more aboriginal people in government, in this Legislature in the future, and they'll have broad goals. For many of them it will not include revenue generation through casinos on the reserves. So whatever this government has in mind for casinos on the reserves, they'd better talk to the grassroots people on those reserves.

Let's bear in mind that we had a report out today that looks at some 30 percent of reserves that are in trouble financially, and we don't need to contribute to that. We don't need that problem to be resolved and have the reserves become addicted to revenue generated by gambling any more than we need this government to continue with its addiction. I think that the government should be taking its own 12-step program in AADAC and learn a little bit about addiction.

I'm also concerned that as our oil and gas prices go down in the future – and we know that that particular revenue source is totally market dependent; it goes up and down – we're going to become very much more dependent. So what this government will try to achieve is greater revenue from VLTs, because they won't get it from the oil and gas revenues over the next few years. That creates some concern for me.

I'm also wondering, with the slowing down of the VLTs, who's going to develop this chip if it's not developed? How much will it cost? Who's going to absorb the cost for the slowdown and for the development of the chip and for all the maintenance that's going to be required to put it into all of these machines in this

province? What performance measurements have been developed around the reduction of the speed of play? I think that's very critical. If this government is telling us that the speed of play is the problem, then I'd like to see some performance measurements that show me that there's a tremendous reduction – a tremendous reduction – in the number of VLT addicts. That's a concern for me.

I guess that would be all I have to speak about, Madam Minister, and if you could answer some of those questions at some point – I know you were listening intently. She was listening intently.

THE CHAIRMAN: The hon. Member for Edmonton-Gold Bar.

MR. MacDONALD: Thank you, Mr. Chairman. This evening I, too, have a few questions for the minister. The first one is concerning the Alberta Gaming and Liquor Commission. One of the goals and strategies in the Agenda for Opportunity on page 207, the last one as a matter of fact: "Facilitate development of native gaming in keeping with the Government's Native Gaming policy."

Last Thursday night I happened to be in Red Deer, and members of the local media and the citizens of Red Deer were quite concerned about the development 40 minutes north of Red Deer of quite an extensive gaming complex, as they put it. I believe it was to be operated by the Hobbema reserve. Now, there was quite a bit of contention with the good people of the city of Red Deer regarding this issue. If the minister could update myself and other members of the House regarding this development, I would be very, very grateful.

Now, last spring in the First Session of the Legislature the Minister of Municipal Affairs spoke to this House about introducing, of course, Credit Counselling Services. This is Alberta's only not-for-profit consumer debt counseling service. It has offices in Edmonton and Calgary. I'm to understand, Mr. Chairman, that we're talking about how VLTs affect people and their families. I've heard many members of the House tonight discuss this. Three in 10 Albertans seeking help from this new consumer debt counseling service last year cited VLT gambling as a reason for their credit troubles. Of 6,300 people asking for help from the Credit Counselling Services of Alberta during its first eight months of operation, nearly 1,900 of them reported having problems with gambling. It is estimated that 30 percent of the people going to this service are people who have problems with gambling, and almost 100 percent of them identified themselves as being addicted to VLTs.

10:00

Credit Counselling Services was created by this government to deliver the orderly payment of debts. This program was, as I said before, previously administered by the Municipal Affairs department. It is a worthwhile organization, and there is a greater need than ever for its services, Mr. Chairman. Clients that are going there need to be tracked. Their activities and their habits need to be tracked. Statistics must be kept, and they have to be very reliable so that we can get to the bottom of this problem. We will not know how many people are affected by this until these statistics are accurately kept.

Credit Counselling Services has to start developing a monthly workshop on debt management strategies for Edmonton's and Calgary's problem gamblers. There have to be treatment programs. So if the minister could please make sure that this nonprofit or not-for-profit organization has funding that's stable,

because there are unfortunately many people who are addicted to those machines and need help.

Thank you, Mr. Chairman.

THE CHAIRMAN: The hon. Member for Edmonton-Mill Creek.

MR. ZWOZDESKY: Thank you, Mr. Chairman. I just have a few very brief comments for the hon. minister with respect to these estimates as they pertain to the lottery fund within her portfolio of Economic Development.

I want to just quickly address the issue, Madam Minister, of the community facility enhancement program, the CFEP grant, as we know it affectionately, and ask the minister what it is that is happening in this area, that has seen I believe an increase from \$19 million in '96-97 up to \$31 million in '97-98 and then a mild reduction in the incoming year. It seems to me that there are more programs going on that require the CFEP funding – at least, that's been my experience – and I would have thought there might have been some reason behind the sudden jump from \$19 million to \$31 million. Similarly, why is there not sort of a commensurate increase in CFEP? If it's because there's just no requirement for it or the government has capped the funding, I can accept that. I would just like an answer to that.

My second question is with respect to the community lottery boards described on page 106 of the lottery fund summary of payments, under item 7, community lottery board grant program. That's the \$50 million which we're all familiar with. We have a member who is a former member of the Assembly, Len Bracko from St. Albert, who submitted a brief to the St. Albert council. His question that he's asked me to pose I've already posed to a couple of other members that were here, but I wanted to specifically remind you as well, if I could Madam Minister, of an idea that he had, which is really a question. There's a restriction, it seems to me, with respect to the grant moneys that go out to the municipalities for these community lottery boards, and that restriction is that the moneys must be spent within a two-year time frame. The question is: do you think it might be possible under certain circumstances, conditions, contracts, monitoring mechanisms, what have you, to have those moneys actually taken by the community lottery boards and put into an endowment for a longer period of time? Some of these projects that they might have under way or which groups might be applying for might take longer than two years to complete. Meanwhile, they wouldn't want to forfeit the moneys for the project. I think there are a number of ways that that could be worked out.

For your ears, Madam Minister, I have been told by the Member for Lacombe-Stettler that this sounded like a logical idea, but she didn't know for sure if it would be something that could catch fire and go through. I think it would be a good move for you to consider. It could be set up in such a way that you actually compel the lottery boards and, in turn, the groups who are applying for these moneys to perhaps not necessarily even receive the moneys all at once. Maybe the lottery board could hold on to that for them, and there would be interest accruing. It wouldn't stop a project from going through the various phases of design and research and feasibility studies, and so on. Let those moneys accumulate in an endowment fund to the attribute of the eventual recipient. So that's another question.

My other question is with respect to the gambling summit. I'm hoping that the gambling summit will follow more or less the same style and presentation and format which the Alberta Growth

Summit did. I thought that was a fairly successful format. I had wished to be a participant in it, but I was happy to be there as an observer. My question is this: I'm assuming that there will be a culminating report with recommendations that come forward. I wonder if you would give us a commitment with respect to the implementation of the recommendations. Or will that report still have to go through another screening mechanism, be it your own department or caucus or whatever? I think it's an important summit. Now that we've decided to have one, let's follow this through. I'm sure there's going to be a lot of discussion on it. But to what avail, if the recommendations aren't acted upon?

I know there is an effort being made to act upon the Growth Summit. I also know there were – what were there, 43 or 143 recommendations? I've forgotten now. There were a number of recommendations. It may have even been as high as 243, Madam Minister. I remember the 43 part. So if it's 243, thank you for that.

I can appreciate that they can't all be done at once. I understand that. I don't know how many recommendations will come out of the gambling summit, but perhaps you could give us an indication of your undertaking with respect to how you plan to handle and respond to those recommendations. A couple of questions that come to mind are: is it a given that they'll be committed to, and is it something that has another layer to go through?

My other issue is with respect to VLTs. When this issue first started, I was one of the first MLAs with our former leader at that time, the hon. Laurence Decore, to put out a brochure on this issue. I think it was 1994. I have the results. They were tabled in the House, and I won't go through them all. At that time I thought it would have been a sensible approach for these VLTs to be restricted to casino use only. Now, since that time a lot of discussion has taken place, and a lot of calls have come to my office. I would be remiss if I didn't inform you, Madam Minister, that I have more opposition now to the VLTs than I've ever had and more questions about them. Recognizing the fact that there are a lot of businesses that rely upon them, that there are jobs involved, I understand all of that, so I'm moving my position more to the eventual phasing out of them, if that's what it takes.

The reason I mention it for you at this time is because I had the unfortunate circumstance of meeting a constituent not long ago whose husband or brother – I've just forgotten which now – actually committed suicide as a result of having declared his dependency on the VLTs. That struck me in a slightly different way, so I thought I would share that with you.

The other issue with respect to VLTs, quickly, is with respect to the impact that the VLTs have had and are continuing to have on our volunteer organizations and our charities, particularly those who run bingos and casinos. I'm a volunteer in that respect with a number of organizations, most recently Pro Coro Canada and before that MCARFA, as they're known, the Mill Woods volunteer organization that funds all of the facilities in the Mill Woods area. It seems to me that a lot of the bingos and casinos, as you undoubtedly know, have suffered some attendance problems, and I'm wondering if you have any statistics on that. Do you track it at all? If you do, could you share that with me? I'd sure like to be able to respond to the volunteers that I work with as to whether or not these attendance drops are in fact attributable to VLTs. In other words, are people moving their gambling leisure activities to other available vehicles?

With that, hon. minister, I thank you for listening. Mr.

Chairman, I will take my seat so the minister can wrap up. Thank you.

10:10

THE CHAIRMAN: The hon. Minister of Economic Development.

MRS. BLACK: Thank you, Mr. Chairman. On the question of the return to charities, what we have been able to do, of course, is on a dollar value because we don't take a head count on people going through the casino doors to support charities. As you know, charities run two-day licences for casinos. I haven't got the final number for '97-98, and I won't have that probably for a few more months. However, in 1995-96 the average return to the charities in total was \$17 million. This was in total. The next year that rose to about \$27.8 million from the casinos. This year we expect that to be closer to \$50 million from our casinos to our charities. So the correlation is really not accurate there. The dollars have increased to our charities over the last three years. [interjection] Oh yes, but we're still only able to accommodate so many because of the situation - we have not increased our availability of licences, so what you're seeing is more people supporting the charities in the casino.

We can see a substantive difference between 1995-96, \$17 million going to the charities, and this year. We anticipate it will be roughly \$50 million for fiscal '97-98. So there has been a lot of support from the communities for the casinos and for those charities. As those numbers come forward, we will give you those numbers at the end of the year.

Mr. Chairman, I would like to propose that I undertake to go through *Hansard* and take down all of the questions that have come from the hon. members opposite and respond in writing to the members, because some of the questions are quite technical, and some of them are quite detailed. I'd like to take the time to do that in proper form, and I believe, according to our House leader, that would be appropriate. So I think that would end my conclusions.

THE CHAIRMAN: After considering the business plan and the proposed estimates for the main estimates of the lottery fund, are you ready for the vote?

HON. MEMBERS: Agreed.

THE CHAIRMAN: Opposed? Carried.

Agreed to:

Agricultural Initiatives	\$22,530,000
Cultural Initiatives	\$29,679,000
Recreation Initiatives	\$17,037,000
Community Facility Enhancement Program	\$30,000,000
Health and Wellness Initiatives	\$11,304,000
Science Initiatives	\$750,000
Community Lottery Board Grant Program	\$50,000,000
Other Initiatives	\$12,000,000
Total Payments	\$173,300,000

THE CHAIRMAN: Shall the vote be reported?

HON. MEMBERS: Agreed.

THE CHAIRMAN: Opposed? Carried.

head: **Supplementary Estimates 1997-98
Lottery Fund**

THE CHAIRMAN: You will find this on page 5 in this supplementary estimates book. Are there any comments, questions on this?

The hon. Minister of Economic Development.

MRS. BLACK: Thank you, Mr. Chairman. On the supplementary estimates the Alberta lottery fund, as was announced today, will be providing a onetime allocation of \$130 million to Alberta Health to ensure that key medical equipment and health computer systems are year 2000 compliant. How are we able to provide more moneys from the lottery fund to support this initiative? Well, partly it's because the revenues from the lottery fund are expected to exceed our third quarter forecast by \$45 million, partly as a result of our increased revenues from slot machines, but mostly it is because of cash that has been retained in the lottery fund to meet such additional requirements.

We have always said that if additional resources are needed in the health system, these funds would be provided. This is but another example of how revenues from lottery funds can be used to benefit all Albertans by having funds transferred over to Alberta Health. My colleague the Minister of Health is available tonight to speak to the detailed nature of the funding requirements and the benefits associated with these expenditures.

Mr. Chairman, I believe that it is important that dollars move from the lottery fund over to Alberta Health and that program funding in Health not be used to provide for year 2000 compliance. This is a good use of lottery funds, and I hope that hon. members within the Assembly will support this supplementary estimate.

THE CHAIRMAN: The hon. Minister of Health.

MR. JONSON: Thank you, Mr. Chairman. I would like to this evening make a few brief comments with respect to the supplementary estimate being brought forward to address the year 2000 issue in the health system. As some members may be aware, until recently computer software relied upon a date for its functionality. It did so by storing and acting upon the date as a two-digit number. For example, 90 would stand for the year 1990. However, as the world has learned, software that operates in this manner may incorrectly assume when we reach the millennium, that the 00 represents 1900 rather than the year 2000.

This incorrect processing could lead to a number of software and equipment failures, which in the health system could be catastrophic in terms of patient care and safety. For example, Mr. Chairman, devices such as automatic infusion pumps may cease to operate in a controlled manner, leading to overdosing or undermedication of critical drugs. As a government we've been very proactive in identifying the potential problems in the health care system so that appropriate remedial action can be taken in time to prevent any key equipment failures. In fact, in January of this year I announced a onetime allocation of \$40 million for health authorities so that they could begin to address this very serious and expensive issue.

Since that time, Mr. Chairman, we have completed a fairly extensive and detailed assessment in all of our regional health authorities and across the health system in terms of the possible impact of the year 2000 issues and the projected costs of dealing with that within the system. Based on this assessment, it is apparent that year 2000 compliance is a unique and high-cost

challenge for the health care system and for the regional health authorities. While equipment replacement is something that regional health authorities would have normally addressed through their annual global budgets, it was apparent that the magnitude of the problem is such that if they were required to deal with the challenge in the current budgets that they have, they would need to significantly reduce funding for direct health care services.

Therefore, we are bringing forward this supplementary estimate in the amount of \$130 million to provide health authorities with a further onetime allocation to support the costs of testing, repairing, and replacing medical, operational, and computer equipment prior to the year 2000 and to fund the establishment of a central year 2000 secretariat to co-ordinate this activity across the health care system. This additional funding will help to ensure the safety and integrity of the equipment in our health care system and ultimately protect the safety and health of patients.

10:20

Mr. Chairman, I would like to make three other comments. First of all, quite frankly, I would like to indicate that I wish we could have been working on this two years ago. But if hon. members have followed the whole history of this, you will know that although in some think tanks and some committee meetings years ago this must have been identified – at least, I can't believe otherwise – it has really only come to the attention of governments during the past year. I would like to say that Alberta is ahead of other provinces in this regard. Through the office of our chief information officer we are getting many calls from across the country asking about what our plans are, how we're doing it, what our assessment has shown. So I think that relative to other provinces in this nation we are well positioned in terms of being able to commit resources and address this very, very critical issue.

The second thing I want to mention, Mr. Chairman, is that some have raised the question or the view that this is not a patient-related item and that therefore resources should be directed to other things first. But I would like to really emphasize that what we are looking at here and our first priority in the application of this money is equipment – devices, monitors, et cetera, et cetera – that are directly related to patient care. Technology is a very large part of our medical system, and nothing could be more direct as far as health care expenditure benefiting patients than to make sure that this very important item is addressed. So it is very much a matter of the quality of health care. It is very much a matter of providing for patient safety and adequate treatment.

The final point I would like to make, Mr. Chairman, is that it is essential we move ahead now with these funds that are available to us, and we do need to get going. It is a very important and, yes, worrisome issue, but I am confident that with the resources available to us, this will allow Alberta Health, working in conjunction with the regional health authorities, to deal with this very, very important patient care matter.

Thank you.

THE CHAIRMAN: The hon. Member for Edmonton-Mill Creek.

MR. ZWOZDESKY: Thank you, Mr. Chairman. I'm going to give a few comments here with respect to the 1997-98 supplementary estimates, No. 2, and I want to start with that No. 2 because this is in fact the second . . .

THE CHAIRMAN: We're just on the lottery fund one. We're on supplementary supply, lottery fund. We're on page 5.

MR. ZWOZDESKY: I'm sorry. I thought the minister was commenting on the compliance aspect of the moneys that came from lotteries for the computers earlier today. Is that not what we're talking about?

THE CHAIRMAN: That's what he's talking about, yes.

MR. ZWOZDESKY: All right. That being the case, Mr. Chairman, I'll get those notes ready and let one of my colleagues proceed. I thought we were going on the other one.

Thank you.

THE CHAIRMAN: The hon. Member for Edmonton-Glenora.

MR. SAPERS: Thanks, Mr. Chairman. We'll try to make sure that we're on the right page. What I understand is that we're talking about supplementary supply, lottery fund. We're talking about the \$130 million that was set aside for the millennium bug which we've been talking about. I keep on hearing the minister of public works say: it's page 5. So we'll all be on the right page.

Mr. Chairman, I think it's very, very commendable of the government to be putting money towards getting health care computers and equipment in the province of Alberta year 2000 compliant. I don't think there's any argument. I don't think there's any person in this province that's spent a moment thinking about this issue that would say it's the wrong thing to spend money on. The year 2000 issue is an issue that is almost mind-boggling in its scope when you think of where computer chips are these days: everything from heart monitors to laptops to the little chips that control fuel injectors in ambulance engines. Just to hunt out, to search out all the places where you could have a year 2000 compliance problem in itself is a daunting task. So I think the government is making the right choice to spend money on making the health care system year 2000 compliant. What I have difficulty with is the timing, the amount, and the source of the revenue.

This government was first elected in 1993, and the government spent so many years saying that was then and this is now if anybody ever dared say, "Well, you know, it's always been this other government; it's always been a Conservative government for the last nearly three decades." We saw the Premier just this week or last link himself to the Lougheed Conservative government and talk about the legacy of that government. I think it was in partial defence of Bill 26 that the government said: but it was a Conservative government that repealed that eugenics law. So it was this government that repealed the eugenics law. My point is that this government has arguably been in place since the '70s, but this version, this iteration of the government has been in place since – well, the current Premier became Premier in '92, then elected in '93, re-elected in '97.

Here we are in '98, two years before the millennium, but I know that this government, even if you only count back to '92 or '93, knew that the year 2000 would come seven or eight years hence. So there's no surprise that the year 2000 comes after the year 1999 and that the year 1999 follows the year 1998 and that the year 1998 follows the year 1997, '96, and '95. And '95 is a critical year, because in 1995-96 the Auditor General, if nobody else in government or the public service, noticed that the year 2000 was coming and that computers were going to have this problem, the Auditor General, bless him, did notice. As one of the primary recommendations to government said . . .

MR. JONSON: Did you notice?

MR. SAPERS: Well, the Minister of Health is asking me if I noticed. As a matter of fact, if the Minister of Health goes back and looks at estimates debates in Public Works, he will notice myself and several other members of the Liberal opposition in 1993 and 1994 and 1995 saying: what are you doing in terms of capital upgrading, and what are you doing about things like the turn of the century? He's saying: aw, come on. He was Minister of Education then, so we might not have quizzed him. But I think if he goes back and he checks *Hansard*, his check will bear this out.

Even if none of us noticed, the Auditor General did, and the Auditor General made the recommendation in '95-96 and said that government needs to make significant progress in every ministry governmentwide towards year 2000 compliance. Certainly after that Auditor General's recommendation we would quiz the government in a routine way: what are you doing to act on the Auditor General's recommendation? Do you know what we were told? We were told: don't worry; it's being looked after; we're dealing with the Auditor General's recommendation. And we can go back and check the *Hansard*, and we can see what the Treasurer of the moment had to say about dealing with the Auditor General.

10:30

So my first quibble is: since we've known, at least officially, since '95-96 about this problem, why are we dealing with this in supplementary estimates? Now, the government will argue that you don't need to spend a dollar until you need to spend a dollar, that we'll do this just-in-time thinking and this just-in-time problem-solving. Okay. I don't buy that argument, Mr. Chairman, but I'll accept that that's the argument they'll put forward: we didn't have to spend any time or money before this point. Well, okay. But why, again, in supplementary estimates? If we've known that the year 2000 was following the year 1999, et cetera, et cetera, et cetera, and we had the benefit of the Auditor General's report 1995-96 and the recommendation, why would it come in supplementary estimates as an "Oh, whoops; gee, I forgot" kind of move?

You know, you have to ask yourself: what kind of management is this? Then you look and you say, well, okay; there's a \$2.347 billion surplus in this province. The government has lowballed revenues and has underfunded core programs to create this surplus. We've got this lottery bonus largely fed by VLTs, and VLTs are sort of in the doghouse right now. They're not very shiny right now. There's a lot of public concern around VLTs, and the government is very concerned about the revenue box it's put itself in. It's given Albertans this symbolic tax cut. It has apparently drastically overestimated oil revenues, at least in the short term, and the Treasurer I understand would be a little bit panicky about this revenue box that he's put himself and his caucus and his cabinet into.

So the government with a stroke of brilliance, with a flash of inspiration rarely seen says: "I know what we can do. We can shine up that tarnished image of the VLTs. We can polish up that gaming revenue by making it the source of salvation for the year 2000 problem. We can take that budget surplus that's been squeezed, every sweat-soaked loony, quote, unquote, that has been squeezed as a result of underfunding core services, and we can pay that off against the unsecured debt, which will still make us look like the fiscally conservative tough guys that we really want to be." And this will somehow play really well to all sides

of the political equation, except, Mr. Chairman, it falls flat with a thud because Albertans see right through it.

If you're serious about the year 2000, you would have a governmentwide risk assessment done, and that would be a matter of public record. That governmentwide risk assessment has not been done. The Minister of Health is indicating that it has. Please table it if it has, because the computer specialists I've talked to inside and outside government tell me that nowhere near a total systemwide assessment has been done.

If you were serious about solving the year 2000 compliance problem, you would have included it in the technology task forces that have run rampant through government ministries and departments. You have not. That has not happened.

If you were serious about solving the year 2000 compliance problem, you would not still be lowballing the figure, which I'm told could well exceed \$300 million in just health care, let alone the \$170 million, because it's about \$40 million that was in supplementary estimates earlier this session and now this \$130 million.

If you were serious about the year 2000 compliance issue, it would be a line item in your department's budget or the minister of public works' budget or somebody's budget. It would be a line item and we'd know; we'd have a responsible, planned, orderly way of dealing with this problem instead of this roller-coaster or yo-yo way, this up-and-down kind of approach: "We'll deal with it, you know, a little bit here, a little bit there. We'll deal with it when we can. Oh, when we remember, we'll think about it." It's lazy thinking and it is dangerous thinking, because right now we've got the VLT revenue, but when the people of this province have their say and they force the government to finally do the right thing and unplug those machines, we won't have that revenue.

Then you won't be able to come back through the back door in supplementary estimates and say: "Oops, just in time. Just remembered. Gotta spend some money on year 2000 compliance." That source will be gone, and the government will be forced to either dip into the surplus, which unfortunately may disappear because of world economic conditions, or may be forced to be in the position of saying to regional health authorities amongst other organizations: "Yes, go ahead. Run a deficit. We understand that, but of course we won't take responsibility for the deficit. It's your problem." Or they'll have to cut program spending in other places because they have to deal with this particular crisis because it's so timely.

Now, it may be too superficial to say: why spend money in supplementary estimates on computers instead of on people? Why upgrade computer systems when we have red alerts, when we have hospital bed shortages, when we have long-term care shortages, when we can't recruit specialists and surgeons? I understand that that would be a superficial comparison to make. For a coherent, well-planned, well-oiled system to be in place and to be working, you have to do both: you have to have the money to make sure the hardware works, and you have to have the people to make sure the hardware is working to do the job it's supposed to be doing. So it cannot be an either/or choice; it has to be a both-in decision. Again, my quibble is not with the decision to spend money to help the health care system become year 2000 compliant. My concern is that it is so much after the fact; it is so much in a catch-up position. It is probably not enough money, and we're probably going to be faced with coming back either through supplementary estimates or some other process or seeing health authorities and others continue to run

deficits. Ultimately, it's because we're seeing more evidence of the sort of haphazard lack of planning, lack of foresight that has characterized this government's tenure, particularly as it is applied to health care. It would have been really nice to have sat down with the minister and worked in a co-operative way and said: look, how can we make sure there's enough money that's going forward in a planned way? But we're denied the opportunity to do that.

I'll note before I finish my comments, Mr. Chairman, that even in the government's own press release today where they talked about the \$130 million, it said that the list of actually which health regions will get what amount of the \$130 million is forthcoming because – you know what? – they still don't even know how much money has to go where. Now, that begs the next obvious question: if you don't know exactly how much money has to go where and in what batting order in that list of \$130 million, how do you know that the \$130 million is meaningful? You know, either you have the list, you have the priorities, you know what it's going to cost, and you know what it's going to take to fix the problem or you don't know. Clearly the government doesn't know, so somebody decided that \$130 million was about the right amount of money politically that we could skim off the gambling take. You know, skim it right out of the VLT coin pockets and put it into health authorities' pockets so they could start to work on the year 2000 problem.

Clearly the system is not being managed in a way that should give us a lot of comfort. There's still a lack of planning and coherence in how we're going to manage not just this particular difficulty in health care but so many of the other difficulties in health care. So I'm left feeling, unfortunately, pessimistic about the degree to which this supplementary estimate is going to do the job that we're being told it will do; that is, get the health care system on track, up and running, and year 2000 compliant.

Am I going to vote for this supplementary estimate? Yes. Am I going to be happy with that vote? No, I won't be.

MR. WOLOSZYN: Don't do it, Howard.

MR. SAPERS: The advice coming from the government members, Mr. Chairman, is that if I'm not happy, don't do it. Well, I guess living in Alberta under this particular political regime is learning to live with compromise, so I can compromise to that extent. I'm not going to be happy to do it. I can hold my nose and vote for the supplementary estimate because it's the only thin hope we have. It's the only thread of a lifeline that the health care system has in terms of the year 2000 problem.

So I will help the government throw that thin thread of a lifeline out to the health care system, but I wish I could be doing more. I wish I could be supporting a government initiative that was throwing out an entire life raft that would for certain rescue the system. I don't have the ability to support that, Mr. Chairman, and that's why I'm unhappy in my vote for this initiative.

Thank you.

10:40

THE CHAIRMAN: The hon. Member for Calgary-Buffalo.

MR. DICKSON: Thanks very much, Mr. Chairman. Listening to my friend going on about lifelines and life rafts, I'm thinking that it seems a little bit like the captain or pilot of the Alberta Health ship didn't see the 2000 iceberg smack in front of them. Suddenly at the last minute we're trying to reverse engines and get the boat stopped before we hit the iceberg.

The problem is this. I've had the fascinating opportunity to read the minutes of Mr. George Samoil's information council. What's been interesting about this is that that group, made up of some of the most senior bureaucrats in the provincial government, has been monitoring year 2000 compliance. It's a little alarming because what you find is that it's apparent, although the report doesn't come out and say it expressly, that there was no captain on the bridge of the ship for long sections of the voyage.

I'm frankly astonished to hear the Minister of Health say that until a year ago government didn't know this was going to be a problem. I'm thinking, you know, we have about 631 employees in Alberta Health currently – I think it was closer to 1,000 just within the last year or so – and you've got a number of different divisions and sections. I don't have the whole magnificent flowchart in front of me, but a number of those employees are involved in planning units. I've always naively believed that these were people that were sitting back and trying to project what the needs of our province and of Albertans are in terms of access to health care and looking down the road. So I look at the program funding and the supplementary estimate here of \$130 million, and then I think, Mr. Chairman, that if the minister only realized this a year ago, we have to assume that people in his department weren't alive to it much before that either. Clearly, seeing this iceberg in front of them, you'd want to ring the bell and get the attention of the skipper as quickly as possible.

So that begs the question: how could it possibly be that Alberta Health didn't see this problem coming until a year ago? I remember members of my caucus raising and asking questions about this at least two years ago, but maybe not in terms of Alberta Health. There is a great deal of information that's been written by information management people. It's in information management periodicals. Not always the most scintillating reading, Mr. Minister, but that stuff is there. I'd think surely one of the 631 employees in Alberta Health would be tasked to try and monitor that sort of thing. I know the Minister of Public Works, Supply and Services, who has that overriding responsibility around this area, has a unit of people that have been monitoring departmental compliance.

Anyway, I think this is a problem. Obviously it has to be addressed. I guess I just am a bit dismayed and a bit frustrated that the government comes to it so late. Then I'd have to ask: if \$130 million is going to do the job, Mr. Minister – and that's what I took to be your representation – we must know that this is the cost to ensure that all that medical equipment, that medical infrastructure is year 2000 compliant, not that this is \$130 million this year and that in six months we're in a bind and we need more funding, or in a year we're back for more, but that \$130 million it will cost will do the job.

[Mr. Clegg in the chair]

Then I see a government news release, Mr. Chairman, that says that the government will announce in a number of days how that's going to be parcelled out among the 17 RHAs. Now that I find even more puzzling. Surely, Mr. Minister, to be able to come up with the tag of \$130 million, you've got to know how that's distributed between Alberta Health, the Alberta Cancer Board, the Provincial Mental Health Advisory Board, and the 17 RHAs. Clearly that's got to be within the knowledge of your department. So why hasn't the minister shared that with us? Presumably if the information is available, it should be shared as part of the information to buttress and support this \$130 million supplement-

tary estimate. If the particulars aren't available and if the minister is not able to tell us how this is apportioned among the regional health authorities, then surely we have to then question whether the department has got a really good handle on the total cost. How could they possibly know that this is the amount that's going to be required?

I guess the other thing is: I haven't seen the response yet, I think from the Minister of Public Works, Supply and Services, to a question I'd asked in terms of which departments are non-compliant. Of the 17 departments, there were some that rate very highly on Mr. Samoil's report card and some not so highly. Now, I should have pursued this a little more tenaciously when I was asking questions of the minister of public works. I guess I'd assumed that Alberta Health, simply because of the importance of that high-tech equipment, would be one of the departments that would be right on top of things. Now I've got some real misgivings.

The Minister of Public Works, Supply and Services is trying to telegraph to me that I needn't worry, that everything's in hand and under control. If it were, why wouldn't we know tonight? Why wouldn't the minister share with us tonight how much is going to the Calgary regional health authority for this purpose, how much is going to the Alberta Cancer Board, how much is going to the Provincial Mental Health Advisory Board, how much is going to the Aspen regional health authority? So, Mr. Minister, important questions. It's not a reason to vote against the supplementary estimate, but I think clearly more information is required.

Because we're in committee, I hope the minister is going to rise from his chair and assure us that the Alberta Health ship has never been without somebody on the bridge. I hope he's going to assure us that he knows exactly how much is going to each of the 17 RHAs, the Alberta Cancer Board, and the Provincial Mental Health Advisory Board. I hope he's going to share that with us now. He can put out his news release next week or Friday or whenever is the optimal time to serve those purposes, but surely to goodness we have to know tonight where that money is going. So we need that degree of comfort. It's not on pages 44 and 45 of the supplementary estimates, No. 2, book. I'm asking the minister to share that information with us. If he can give us that breakdown, then I'm happy to vote not grudgingly but enthusiastically. I always prefer to vote enthusiastically, Mr. Chairman. So I'm hopeful the minister is going to share that information with us. I'm going to be sitting and giving him my most rapt attention, waiting for those responses.

Thank you very much, Mr. Chairman.

Agreed to:

Total Lottery Fund Payments \$130,000,000

head: **Supplementary Estimates 1997-98
General Revenue Fund, No. 2**

THE ACTING CHAIRMAN: Minister?

MR. SAPERS: They're not going to speak?

THE ACTING CHAIRMAN: I really can't make anybody speak, hon. member.

MR. SAPERS: I'm just surprised, Mr. Chairman. I was expecting some introductory comments, perhaps from the Minister of Education or the Minister of Health. So I will sit down if they

will indicate whether or not they are going to speak about these supplementary estimates as it applies to them.

Thank you.

10:50

MR. MAR: I'll be happy to speak very shortly to this, Mr. Chairman. On the 2nd of March of this year we made an early payment of \$70.5 million on our debenture principal, and that will save us up to \$20 million in interest at a cost of only \$2 million in early payment penalties. However, when we made the early repayment, all of the interest accrued up to that time became due, and this bill was in the amount of \$4.4 million. Unfortunately, while we did include the \$2 million for the early payment penalty in our supplementary estimates in February of this year, the accrued interest was missed. I must stress that this is past interest that had to be paid in any case, and it takes away nothing from our future savings as a result of making the payment. Accordingly, I ask members to vote in favour of a \$4.4 million supplementary estimate for 1997-98 so we can make this interest payment.

THE ACTING CHAIRMAN: The hon. Member for Edmonton-Mill Woods.

DR. MASSEY: Thank you, Mr. Chairman. Just a few questions to the minister about the early payment. We of course support those repayment plans if they end up saving money, particularly if some of that money eventually can be made available for improving the infrastructure in the province. The School Facilities Task Force certainly has indicated the need for money to upgrade and restore buildings and for new building projects.

One of the problems I have is: did the department not know this was going to happen? Surely you have a multiyear grid laid out showing when debentures come due, the implications of paying them off early, and all of those alternate scenarios in terms of capital financing. I know that when I was on the school board, we used to get those regularly, with multi years projected down the road to when debentures would be paid off. How could this happen? Could it not be included in the regular planning of the department's budget? Was it an oversight? Were there some changes? Surely it hasn't been just sprung on the department. That would be my first question: why does this appear here rather than in the regular budgeting of the department?

A couple of other questions. What exactly are the projects that are being repaid early? Where do those debentures fall? Is it a whole group of small ones, or is it spread across the province? Are there some large projects? I guess some information about the terms and the original principal amounts of the debentures – well, the work has already been done. They repaid on March 2, the minister indicates.

[Mr. Tannas in the chair]

Another question about the holders of those debentures: who are the holders of those debentures, and what are the assumptions that have been used in calculating the net present value of these options? I guess I was somewhat surprised about the item appearing before us. I think the minister has given some explanation. Can we receive a sort of bird's eye or overview of where the department is vis-à-vis debentures and the kind of planning down the road that is being undertaken so that a year hence we're not faced with a similar kind of supplementary estimate. [interjection] It won't happen? It will be interesting to see if that's true.

So I would like to see some sort of long-term plan and the possibilities for interest saving that the government sees down the road. More importantly, I guess, in terms of debentures I would like to see the plan that will eventually come forward from the School Facilities Task Force on the kinds of major problems that face school boards in trying to maintain and keep up current facilities and to provide for increase in student growth.

I guess with those comments, Mr. Chairman, I'll take my place.

THE CHAIRMAN: The hon. Member for Edmonton-Mill Creek.

MR. ZWOZDESKY: Thank you, Mr. Chairman. I rise of course to speak to these supplementary estimates, No. 2. As I had started earlier to say, I'm concerned that we do have a second set of supplementary estimates within a period of about a month or thereabouts. I think it points up the need for the government to seriously consider in fact doing monthly updates such as we have in some other jurisdictions. I have no problem with the quarterly updates, but just in a general sense I think it would really improve government's accountability if they did move to monthly reportings, and this sort of points that fact out. What we would like to see is the accountability framework expanded to the point of transparency and openness that is often touted. We'd like to see that in fact enacted by presenting these monthly updates on a regular basis. That would stem any negative criticism in my view, and it would bode well – very well, in fact – for the government if they were to do that.

I take my lead on that point from the Minnesota model, which I'll just briefly remind the hon. ministers about. In the Minnesota model they do this in fact. They present monthly updates, and they also have certain targets with respect to financial projections. They want to make sure their financial projections are within a 95 percent accuracy rate. Now, that's on the revenue side. On the expense side, they don't have more than a 5 percent tolerance for an error factor. In fact, I think we're probably in that ballpark as well. So we need to improve our budget management, and when you hear this member calling for better budget management, those are some of the points I'm talking about.

That having been said, I'm also compelled to say this sort of confirms that we do have still somewhat of a spending problem, but we also have a revenue problem. I'm not at all opposed to the moneys going through supplementary estimates to the area they're going; I'm talking more about the process here. Let me just comment briefly first of all about the supplementary moneys that are required now for the Department of Health to ensure what's called year 2000 compliance. I listened when the minister was speaking about this, that being the Minister of Health. Like him, I too wish this had been done a year or two ago. I do think the Auditor General had raised it at least in the 1995-96 year with the suggestion that possibly this issue could have been dealt with in the '96-97 budget, if memory serves me. So we did have that opportunity, I think, as early as two or three years ago to do it. Nonetheless, it wasn't done. So we're addressing it now, and I would support the idea that we need this injection of cash for this.

11:00

One thing struck me as interesting, however, and I'm hoping the Minister of Health will clarify this for all members and for the public in a general sense. In the press release, which I regret not having in front of me, hon. minister, there was a statement attributed to you, in fact, that said words to the effect – and I'm paraphrasing here, but this was the effect of it – that this \$130 million injection toward computer compliance requirements would

in fact free up moneys that the RHAs have targeted for that same purpose, which really means that we're sort of replacing the moneys and calling it something different, but when that replacement is done, the moneys that are freed up, which are already at the RHA level, could in turn be used to meet patient care costs.

Today somewhere in the media you may have noticed the statement I made which said: this is a clever way of doing this. I don't want it to have the appearance of being a devious way of doing it, but it has that overtone potential. I know that's not intended. I can see by the minister's response that's not at all what was in fact intended. However, it has that appearance, and that's how that press release reads. So I would ask the minister to comment on the intentions behind that, the motivation.

Now, having said that, I'm also concerned that the \$130 million, which has been allocated from the lottery fund and is being directed now to general revenue and then in turn from general revenue to the RHAs, doesn't yet have any explanations with it. I'm wondering if the minister will at some point be specifying the exact amounts that are going and to which RHAs they're going. I'm always curious about that. So if he'll comment on that, I would be very grateful.

Similarly, I note that we still have some questions, hon. minister, in the public sector with respect to what I would call stable and predictable funds. Today in listening to some comments that the Premier was making, I believe he said that it wasn't entirely outside the realm of possibility that we might have, in fact, a third supplementary estimate being presented before the end of the month, which would be more specific for operating costs. I wonder if the minister has in mind something to answer the question of stable and predictable funding for frontline costs. That would be things to alleviate bed shortages, things to alleviate the code reds, and things to alleviate emergency room backup and waiting lists for orthopedic surgery and so on, because that would be another supplementary supply that would be requested. If it's been ruled out and it's out of the question, then I'll accept that answer, but I would say there are significant signs and significant pressures to warrant the minister's attention, and I would direct him to that.

Now, just to get back to that \$130 million, I was thinking about that a little earlier today, and I wondered: are we convinced that \$130 million is enough? I'm not sure, hon. minister, if it in fact is. So perhaps the minister would alleviate my concerns that the \$130 million does in fact measure up. There were questions raised about this as well. Is this just an apportionment for this year, or is it just an apportionment for X number of replacements, or is for all replacements required? I would wager to say – and I hope to be proven wrong – that may in fact not be enough for all the upgrades that are required and/or for the upgrades to get the state-of-the-art equipment that is required to keep pace with rapidly changing needs in the health care area. So if the minister could respond to that, I would appreciate it.

I don't know if it's clear to everyone, hon. Minister of Health, what the role of the CIO office will be in this respect, that being the office of the chief information officer. I have a great deal of respect for the work being done at that office. Are you co-ordinating this out of the Department of Health, or is the chief information officer co-ordinating it by himself with his staff on behalf of every department? Are they liaising with the RHAs? How is that process expected to work?

Another point with respect to the RHAs and the issue of computer compliance surrounds what I would call the feasibility or the needs studies. If you have some comments in respect to the

studies you've done that relate to the types of equipment that you're purchasing and/or the types of equipment you've done comparison shopping on, that would prove helpful to this member as well.

There was another point that was raised with respect to the current computers being used, and the parallel that was made was with respect to a scenario where an individual or a company goes out and buys a car. If the car proves to be defective, should it not be returned to the manufacturer for credit and somehow improved upon? I know that this has been a subject of discussion. Do we have a case here against the manufacturers of these computers, or do they have some way of supplying a chip or whatever it is they might do to make that computer year 2000 compliant?

It seems that what we're kind of forced to do here is either buy an extremely expensive piece of hardware or replace the machines outright. If we would be doing that, heaven forbid, I'm sure \$130 million wouldn't do in the case of health care. I shudder to think what it would mean governmentwide. Maybe we can exercise some muscle there, because I thought that was an excellent question that hadn't yet been resolved. So if you could comment on what progress you're making in that regard. I gather from the response just now from across the way that this is not a new issue and that you are in fact looking into it. If you are, maybe we can save the province some money and save a tremendous amount of upheaval by just simply getting the adaptor, for want of a better word, that is required to make each of the pieces of equipment computer compliant.

Now, one other general thing that's not specific to health care is with respect to the accompanying sheet that came out with the supplementary estimates, No. 2. That is this sheet called March Fiscal Update, 1997-98 Budget Report, government of Alberta, highlights. I note that on page 3 under revenues, specifically under that category of "other," we see lottery fund revenues being projected at about a \$45 million increase over what they were projected at a month or two ago. I expect that this is as a result of higher than expected casino, slot, and VLT revenues. I'm not sure which one it is, but I'd sure like someone to answer the question as to what the source of that is. Is it VLTs or casinos or a combination and, if so, in what proportionate numbers?

The other thing I don't understand yet here with respect to the Department of Health – and I'd be very grateful for the minister's explanation – is why it is that the financial balance sheet of the province, what we call our consolidated financial statements, does not include the financial statements of the RHAs. I don't know how that works. How is that possible? I mean, beyond a one-line entry showing the expense, we don't seem to have the corresponding inclusion that's required in the financial reporting, and I think that's an important point here.

11:10

While I respect the fact that the RHAs have their own budgets – and that's in fact where this \$130 million is going – I find it somewhat disrespectful and amazing that they don't report through the normal consolidated financial statement process. That's shocking to me, and I'm sure the chairman must be concerned about that as well. It's an issue that I thought about and thought, "Well, I can't explain this to myself, so there must be others that are curious about that." And isn't that another point, Mr. Minister of Health, that the Auditor General has raised a couple of times now, the fact that the RHAs do not conform and form part of the consolidated financial statements of the province? I think that's the case. So I'm curious to know why and when it is that we might see that question addressed and brought under the same umbrella.

I'd like now to turn to the expenses and commensurate dedication of moneys that is going over to the office of the Auditor General, office of the Ombudsman, office of the Chief Electoral Officer, office of the Ethics Commissioner, and office of the Information and Privacy Commissioner, which I believe in sum total is approximately \$267,000. What I want to know is exactly the nature of the bonuses being paid out and for what reason those bonuses are being paid out. I believe in rewarding people for doing a good job, hon. Minister of Economic Development, but I also believe in explaining, when it's public funds, what precisely those bonuses cover and what the guidelines were for establishing these bonus payouts. You might also like to tell us how many people are involved and whether or not these individuals' names will be made public or not, and if not, why not? They are undoubtedly well deserving of the bonuses or they wouldn't be getting them, but they are nonetheless public employees and should be subject to the same openness and accountability that their bosses are, that being the front row here. So perhaps the Minister of Economic Development could explain that point or at least shed some additional light on it.

It's important that the public understands and perhaps buys into the bonus notion. That might also help attract additional well-trained individuals to serve in the public sector. We've heard in this House a number of times how difficult it seems to be for the government of the day to attract younger people into the public workforce, and maybe this bonus mechanism, which is spelled out in this supplementary estimate, is a good lever, a good incentive to use in attracting the new talent that's required to assist the government in getting its job done.

Now, my colleague the hon. Member for Edmonton-Mill Woods commented on the additional \$4.37 million that's going from the general revenue fund over to the Ministry of Education, and I'll just touch on it briefly there to avoid duplication. I would certainly appreciate the explanations that the hon. Member for Edmonton-Mill Woods asked for so that the public and I and others have a clearer understanding of how the debenture programs work and the interest that is paid on some of these capital school construction projects. Could the Minister of Education just clarify for me: is this \$4.37 million actually going from general revenue to the Ministry of Education and then from the Ministry of Education over to the Alberta Municipal Financing Corporation, or is it going from general revenue directly over to Alberta Municipal Financing Corporation? How does that work? Who's actually getting that money? Are you getting it, hon. minister, and then passing it on, or is it going somewhere else?

I'm getting hand signals that I'm close to time here, so I'll stop in a moment. Just a final comment here regarding the \$1 million that's going to provide financial assistance to the regional municipality of Wood Buffalo. I read about the problems they had with respect to the costs resulting from the closure of the winter road between Fort MacKay and Fort Chipewyan. I've been up to that country but not quite that far north. Nonetheless, I have experienced enough of the roadways there, and I know how difficult, in fact how impossible travel there is. So I very much applaud this.

As I say, Mr. Chairman, I have no problem with these expenditures going forward. I am surprised to see a second request within less than a month or just slightly over a month's time. I think that the government should address doing this – providing updates, not requesting money – on a monthly basis so that when we get to the quarterly reporting date, then we can sensibly arrive at a conclusion on how to deal with the moneys that are required or that aren't required.

I hear the bell has gone. So with that, I'll take my seat and

thank the hon. ministers for their attention and yours as well, Mr. Chairman.

THE CHAIRMAN: The hon. Minister of Health.

MR. JONSON: Thank you, Mr. Chairman. I would like to make a few comments by way of response.

First of all, I found the references to the United States with respect to Y2K compliance rather interesting, and I believe the specific reference was to the state of Minnesota. As I understand it, Mr. Chairman, they have an overall budget in that state of about \$32 billion. They have some special funds and off-line expenditures too, but they're probably dealing with an operational budget of about \$21 billion. The point here, though, is that because of the nature of the American health care system, their expenditure on health care, as I understand it, is about \$3.5 billion, or somewhere in the neighbourhood of 12 or 14 percent of their overall budget. Much of their challenge as far as year 2000 compliance is concerned is handled within the private sector because they have mainly a private health care system. So I guess the point that I'm making overall is that the whole scenario and the overall responsibility of government for these things is somewhat less proportionately within the United States.

To get to some of the issues that have been raised, first of all the office of chief information officer has been referred to. I hope that hon. members across the way are not questioning what I regard at least as a very forward-thinking initiative on the part of government, and that is to have someone, a capable person, in charge of the overall area of technology within government. When we're talking about the application of technology, although the service and the manner in which it's used is specific to each department, the actual technology is very common across all departments, and it's important to have that office in place.

11:20

Mr. Chairman, with respect to the specific matter of Health and Y2K compliance, it was through the chief information officer that the assessment of the needs of the health care system was done. I think that although various motives and so on have been assigned to these supplementary estimates by the opposition, the fact of the matter is that our overall detailed assessment . . .

MR. MITCHELL: Now they're provoking us. He's provoking us.

MR. JONSON: Another compliment from across the way. That's good.

In any case, Mr. Chairman, the fact of the matter is that the detailed assessment of the overall needs in the health care system and across government were not completed in time for the preparation of the overall government estimates. Once we had that overall assessment, we wanted to ensure that there was a significant commitment of funding so we could get on with the job, particularly in Health, which is I think the most sensitive area of government, to make sure that our equipment to the greatest degree possible is Y2K compliant.

One of the other questions that's been raised is the question of why we do not have a specific allocation with respect to each regional health authority. Mr. Chairman, we have, I think, a very good study, a very good assessment of the types of equipment which have to be repaired or changed or assessed. We have a very good handle on the overall amount of this equipment that there is within the system. But quite frankly, Mr. Chairman, the

assessment we did did not get down to the specifics of counting the number of this type of device or that type of device which resides in any particular regional health authority. Therefore, something that we're going to be very busy at through a modest secretariat we're establishing in Alberta Health with the RHAs, provided this estimate is approved, is a move towards a very specific assessment of the needs of each particular RHA. Unlike more general funding issues within the health care system, we know that the amount and type of equipment that has to be dealt with here is not uniformly distributed across all the regional health authorities. Therefore, we have to be rather individualistic in moving to our next stage of ascertaining the numbers of these types of devices and what has to be done to correct the problem.

Finally, Mr. Chairman, with respect to the \$130 million, this is our best estimate – and I think it's as good an estimate as exists across this country right now – of the compliance to Y2K needs within the health care system. I cannot guarantee that it is exactly what is needed within the system. It might be \$120 million. I might be \$140 million or \$150 million. But I think, Mr. Chairman, relative to other places, we have taken an initiative here. We wanted to have the funding to support it, and we've been provided with pretty good background on the overall matter. We want to get on with this very, very important patient care issue.

Having made those remarks, Mr. Chairman, I would like to move that the committee rise and report.

[Motion carried]

[Mr. Clegg in the chair]

MR. TANNAS: Mr. Speaker, the Committee of Supply has had under consideration certain resolutions of the lottery fund estimates for the fiscal year ending March 31, 1999, reports the approval of the following estimates, and requests leave to sit again.

Lottery fund payments: agricultural initiatives, \$22,530,000; cultural initiatives, \$29,679,000; recreation initiatives, \$17,037,000; community facility enhancement program, \$30 million; health and wellness initiatives, \$11,304,000; science initiatives, \$750,000; community lottery board grant program, \$50 million; other initiatives, \$12 million; for total lottery fund payments of \$173,300,000.

Mr. Speaker, the Committee of Supply has under consideration certain resolution of the supplementary supply lottery fund payments for the fiscal year ending March 31, 1998, reports the approval of the following estimates, and requests leave to sit again.

Supplementary supply lottery fund payments: health and wellness initiatives, \$130 million.

Mr. Speaker, the Committee of Supply has under consideration certain resolutions of supplementary supply, No. 2, general revenue fund, for the fiscal year ending March 31, 1998, reports progress thereon, and requests leave to sit again.

THE ACTING SPEAKER: Thank you, hon. member.

All those in favour of the report, please say aye.

HON. MEMBERS: Aye.

THE ACTING SPEAKER: Opposed, if any? Carried.

[At 11:28 p.m. the Assembly adjourned to Wednesday at 1:30 p.m.]